

Opportunities



East West Bancorp 2000 Annual Report

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Net Income climbs 27%

*Helping businesses
make the most of
their opportunities*

*Acquisition of Prime
Bank opens rich
West L.A. market*

*East West now
third largest*

Opportunities

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East West Bank was founded to help Chinese-Americans in Los Angeles achieve their dreams in this land of opportunity and promise. Since then, we have evolved, broadening our reach to bring greater opportunity to an ever-expanding base of customers.

In the pages of the 2000 Annual Report, you'll meet some of the business customers who have looked to East West Bank for help in turning their opportunities into successful realities. We acknowledge them - and all of our customers - believing that when they succeed, we do as well.



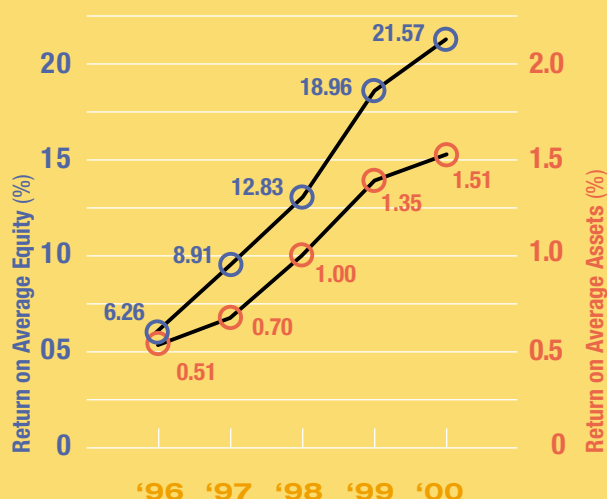
EAST WEST
BANCORP

East West Bancorp is parent company of East West Bank, one of the nation's best performing community banks. East West focuses its retail banking operations on the Chinese American community and is one of the country's leading financial institutions serving this profitable niche market. The Bank's rapidly expanding business banking operations serve a variety of mainstream market segments among California's middle markets.

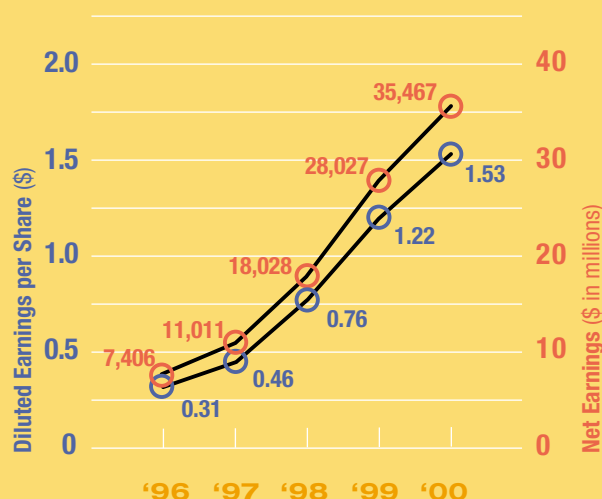
With more than \$2.5 billion in assets and 30 branches serving Southern and Northern California, East West is now the third largest commercial bank headquartered in Southern California.

The Bank has consistently rewarded shareholders with substantial growth in net income, earnings per share and returns on assets while maintaining one of the best asset quality ratios in community banking.

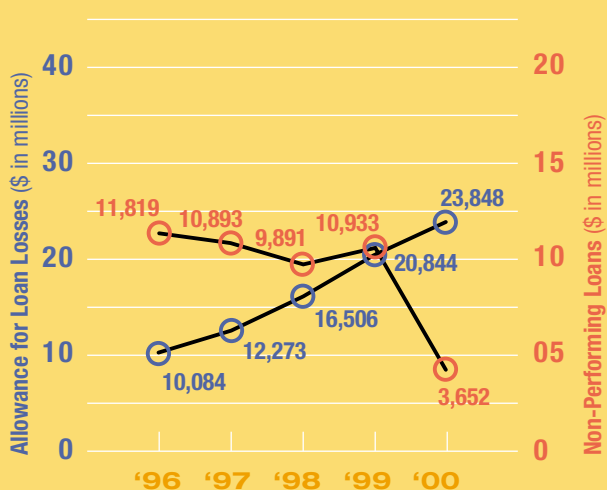
ROE AND ROA



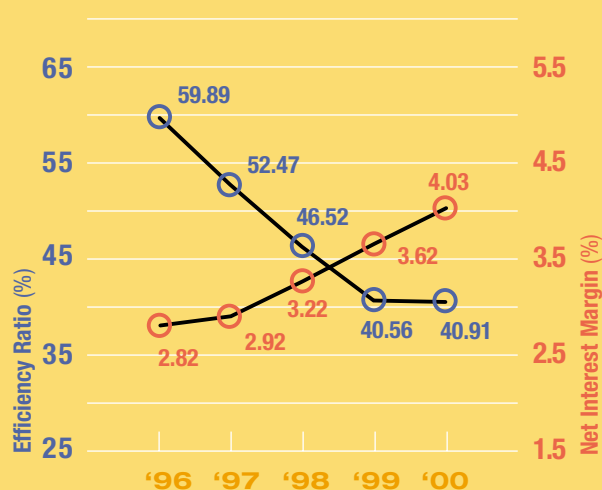
EARNINGS PER SHARE AND NET INCOME



RESERVES AND NON-PERFORMING LOANS



EFFICIENCY RATIO AND NET INTEREST MARGIN



East West Bank 5-Year Financial Highlights (Dollars in thousands, except per share data)

	2000	1999	1998	1997	1996
Net Interest Income	\$ 89,487	\$ 71,885	\$ 55,665	\$ 44,446	\$ 39,608
Noninterest Income	14,968	14,693	10,027	8,493	5,571
Noninterest Expense	49,960	39,509	32,626	29,010	28,049
Net Income	35,467	28,027	18,028	11,011	7,406 ⁽¹⁾
Earnings per Share, diluted	1.53	1.22	0.76	0.46	0.31 ⁽¹⁾
Total Assets	\$2,485,971	\$2,152,630	\$2,058,160	\$1,734,339	\$1,621,547
Loans	1,789,988	1,486,641	1,100,579	934,850	862,640
Deposits	1,948,562	1,500,529	1,292,937	1,235,072	1,182,886
Stockholders' Equity	186,149	150,080	150,830	132,552	122,375
Return on Average Assets	1.51%	1.35%	1.00%	0.70%	0.51% ⁽¹⁾
Return on Average Equity	21.57%	18.96%	12.83%	8.91%	6.26% ⁽¹⁾
Net Interest Margin	4.03%	3.62%	3.22%	2.92%	2.82%
Efficiency Ratio ⁽²⁾	40.91%	40.56%	46.52%	52.47%	59.89% ⁽¹⁾
Non-Performing Assets to Total Assets	0.30%	0.75%	0.99%	1.25%	1.28%
Non-Performing Loans to Total Loans	0.20%	0.73%	0.88%	1.15%	1.35%
Tier 1 Leverage Ratio (Bank)	7.85%	7.30%	7.38%	7.98%	7.87%
Total risk based capital ratio (Bank)	10.67%	10.58%	11.42%	13.37%	14.25%

(1) Excludes effect of non-recurring Savings Association Insurance Fund (SAIF) recapitalization assessment of \$7.04 million.

(2) Represents noninterest expense, excluding the amortization of intangibles and investments in affordable housing partnerships, divided by the aggregate of net interest income before provision for loan losses and noninterest income, excluding the amortization of intangibles.

To Our Shareholders:

In the Chinese language, the characters, *chance* and *meet* together create the word *opportunity*. The concept implies luck. At East West Bancorp, rather than relying on luck, we create our own opportunities. We believe that we have distinguished East West among community banks through our ability to capitalize on opportunities, particularly in times of change. In our 27-year history, we have thrived in good times and in times of volatility for the economy and for the financial industry. As a result, East West has emerged as one of California's strongest commercial banking franchises, delivering consistent and quality earnings to shareholders through a range of methods in a variety of markets.

We at East West consider 2000 to be a Year of Opportunities — for our company, our customers and, most importantly, for our shareholders. Together, we capitalized on our abilities to recognize opportunities and turn them into reality. In doing so, the Bank achieved record returns for the year, and our shareholders fully realized the benefits of our strong franchise. What drove this record performance was the fact that many of our customers, working in concert with our forward-looking bankers, were able to take advantage of their opportunities to prosper — personally and professionally.

The most evident demonstration of our Year of Opportunities was our record results: 27 percent growth in net income to \$35.5 million and a 25 percent increase in earnings per share to \$1.53. We attribute this excellent performance to strong contributions from all the Bank's operating areas, restrained expense growth and effective capital management. We were also rewarded for our efforts to maximize our returns on capital. For 2000, return on average equity climbed to 21.6 percent, while return on average assets was 1.5 percent. Importantly, we generated this record performance while solidifying our infrastructure through prudent investments in staffing and operations.

successfully integrating American International Bank into our operations, achieving our goal of adding to earnings within one year of acquisition. We ended the year by announcing the purchase of Prime Bank. This acquisition provides East West with a team of experienced and talented commercial bankers and greater access to the lucrative West Los Angeles market. We further enhanced value during the year by continuing the diversification of our loan portfolio, limiting our exposure to any one credit or industry. We also took steps to maintain our high asset quality, achieving the lowest level of non-performing assets in the last decade.

All these accomplishments, combined with our strong earnings growth, brought a significant tangible reward to our shareholders — a 118 percent increase in price of East West Bancorp shares during 2000. While many factors influenced the market price of our shares, we believe we earned that increase because of our solid financial fundamentals, as well as our active outreach to the investor community and the support from the five research analysts now covering our stock.



Transforming Opportunities into Shareholder Value

During 2000, we capitalized on a number of opportunities that resulted in increasing long-term shareholder value. We began the year by

East West Bank achieved several other noteworthy financial and operating results in 2000, highlighted by the following:

- **Assets reached the \$2.5 billion mark, a 15 percent increase, while deposits grew 30 percent to \$1.95 billion.**
- **Our loan portfolio expanded by 20 percent to \$1.8 billion from a year earlier.**
- **Non-accrual loans decreased 67 percent to \$3.7 million, or 0.20 percent of total loans, while non-performing assets declined by 54 percent to \$7.4 million, or 0.30 percent of total assets.**
- **Our efficiency ratio of 40.9 percent reflects a careful balance between restrained spending and prudent investment in our future.**
- **Stockholders' equity increased to \$186 million at year-end, or \$8.21 per share, an increase of 23 percent.**

Creating Opportunities for Future Growth

The financial results of 2000 mark the successful beginning of the second phase of East West's evolution in commercial banking, one that will carry us well into the future. Two key strategies will serve as the pillars for our expansion:

First, we will continue to expand our role as California's Financial Bridge. Since the inception of our commercial banking operations in 1995, we have carved out a unique position as the bridge between East and West. As trade between California and the Pacific Rim continues to grow, the Bank is well positioned to leverage this strength. In 2000 we added a number of skilled trade-finance professionals and launched programs for new markets, bolstering a strong franchise that helps mainstream and Chinese-American clients benefit from international trade.

The second pillar is our focus on expanding our sources of earnings. Building upon our recent acquisition of East West Insurance, we have initiated a bank-wide program to cross-promote our products and services. This effort is designed to maximize fees and generate income by leveraging existing banking relationships. It will also increase contributions from non-interest income. We know that to best serve our shareholders' interest, we must develop multiple paths for achieving our earnings goals.

The acquisition of Prime Bank, completed in January 2001, demonstrates our commitment to expansion and diversification. Prime Bank extends our presence into the vibrant West Los Angeles region, a premium business-banking market. This Century City-based bank, founded by highly experienced and well-regarded commercial bankers, is an excellent fit. Through our new West Los Angeles Commercial Banking Center, we gain entry into attractive niche markets that complement our existing capabilities, and we add a solid base of low-cost core deposits with strong potential for growth opportunities.

In conclusion, as I look back at all our accomplishments in 2000, I would like to commend East West employees throughout California for a job well done. I'd also like to thank our Board of Directors for their unique contributions and their energy and creativity. With another strong performance behind us, and a platform for providing innovative, responsive service to a diverse and growing range of customers, we enter 2001 prepared to take full advantage of all our opportunities.

Sincerely,



Dominic Ng

Chairman, President and
Chief Executive Officer

April 6, 2001

Putting more “West” into East West Bank.

Recently purchased
Prime Bank is known
for its dynamic team
of bankers with deep
roots in the demanding
West Los Angeles
business market.

Although Prime Bank was just two years old when acquired, it has a long history in its local community. Los Angeles banker David Buell founded Prime in 1998 to bring strong relationship-based financial services to the plethora of entertainment, real estate and professional firms and varied middle-market enterprises in West Los Angeles. Buell, a banking entrepreneur, also founded Metrobank in 1977 and built it into a highly respected regional business bank that was sold to Comerica Bank in 1995.

This new partnership, another example of East West Bank creating an opportunity, will be enriching for everyone. The new West Los Angeles banking team, backed by the substantial size and strength of East West, can attract larger clients and offer more sophisticated financial services to current clients. East West secures a stable source of low-cost core deposits and gains a foothold with attractive market segments in one of the region's most desirable business areas.

Century City, home of East West Bank's new West Los Angeles Commercial Banking Center

We just acquired one of West L.A.'s premier banks.

As well as a prime team.

At East West Bank, our bridge has long been a symbol for who we are, and what we do — a vital link from where your business is today, to where you want it to be. And now it extends even further, into the heart of the West L.A. business community.

Because now Prime Bank is joining the East West family, combining the talent, expertise and acumen of one of the area's most respected banking teams with the exceptional service and financial strength of East West Bank — now the 3rd largest bank headquartered in Southern California. And one of the fastest growing banks in the state.

Together, we have the experience and in-depth knowledge to help your business identify new opportunities and respond quickly to today's ever-changing marketplace. Along with a full line of commercial banking products and sophisticated cash management services designed to meet the needs of small and medium-sized businesses and professional firms today, and for years to come.

So call today. And find out how we can be your bridge to success here in Los Angeles, across the Southland or throughout the Pacific Rim.

1900 Avenue of the Stars
Century City, CA 90067
310-712-0044
www.eastwestbank.com



**EASTWEST
BANK**

Your Financial Bridge

A man in a dark brown suit and patterned tie stands in front of the ornate, historic Palace Theater. The theater's facade features large arched windows and decorative stonework. A vertical sign on the left reads 'PALACE' and a horizontal sign at the bottom says 'GANGA LACE'. The word 'Saving' is overlaid in large white text.

Saving

Tom Gilmore, Managing Partner of Gilmore Associates, is staging a revival of the 90-year-old Palace Theater.

Gilmore Associates' ideals are lofty: Revitalize urban life in downtown Los Angeles and Hollywood by renovating decayed, historic buildings and repopulating them with retailers, employers and residents. Bringing turn-of-the-20th-century buildings to 21st-century standards is daunting enough. Securing the financing is also fraught with peril, contends Gilmore partner Charles Loveman. “These multi-million-dollar projects with multiple financing participants can get very complex. You need lenders that are smart and nimble,” he says.

History

Loveman knows. Gilmore was about to lose a crucial state bond allocation because the permanent lender, jittery about the intricate deal on a downtown property, dropped out days before the deadline. Gilmore appealed to the state’s biggest banks — without results.

Gilmore then turned to a lender that previously helped the company: East West Bank. After reviewing project details, the Bank structured a solution that satisfied a new permanent lender and other financial institutions that had nixed the transaction. East West then issued a letter of credit — its stamp of approval — and that sealed the deal.

“East West is light years ahead of conventional, unimaginative banks that can’t see a real estate opportunity if it lands in their laps. East West bankers really know their way around real estate financing.” says Loveman.

Fire Fighters And Other American Heroes

Character Collectibles produces figurines of breathtaking realism and expression. President Chi Van demands that his limited- and unlimited-edition treasures, designed in America and produced in China, reflect his standards of quality and innovation. His search for a lender with the same principles, he says, led him to East West.

At the time, five years ago, Character Collectibles was small, but growing rapidly. East West, newly converted to a commercial bank, was also aggressive and growing.

“Most banks ignore smaller gift manufacturers and importers. That’s why so many use factors that finance them on their receivables,” Van observes. “East West saw the potential of our company. It designed a very creative asset-based lending program that worked with our business model.”

And each time Character Collectibles hit its credit limit, East West devised a new program. “You can do a lot with a cooperative bank,” insists Van. He did, increasing sales of his lifelike figurines over 1,000 percent.

“Chelsea Street,” a 29-piece diorama, captures the heroism of firefighters in exquisite detail.



3.6 million square miles.

More than 20 dialects.

**Over 4000 years of
recorded history.**

**And you're going
without a guide?**

It looks like a golden opportunity. A new era of free trade with one of America's fastest growing trade partners, with over 1.2 billion potential new customers eagerly awaiting your company's products and services.

But if you think it's going to be easy, think again. Because China's unique laws, customs and traditions also make it one of the world's most complex and challenging markets.

So let East West Bank help. As one of the nation's largest banks founded to serve the needs of the Chinese-American community, we have the experience to help you identify potential markets and business partners. Cut through the complex maze of rules and regulations. And help your business succeed, whether you're importing or exporting, expanding around the corner or on the other side of the globe.

But then, helping companies take advantage of new opportunities is nothing unusual at East West Bank. Call us today, and find out how we can be your bridge to financial success — here at home, and throughout the Pacific Rim.



**EAST WEST
BANK**

Your Financial Bridge

Voice: (888) 468-6392
www.eastwestbank.com

MEMBER
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California State University, Los Angeles, is an unconventional banking customer, insists Raquel N. Soriano, executive director of the non-profit University Auxiliary Services (UAS), “so we need a bank that understands our situation.”

UAS provides financial support to students, faculty and staff, often relying on help from East West Bank to bridge financial gaps until promised federal grant money arrives. Cal State L.A. serves one of the nation’s most diverse urban populations. Through grants, it can offer first-class facilities and programs to students pursuing undergraduate and advanced degrees in science.

“Our motto is “Serving the University Community,” and we develop and administer contracts and grants, commercial enterprises such as the bookstore, and conferences that supplement the educational mission,” explains Soriano. “East West Bank took the time to understand how our business works. To me, that’s good customer service — like the kind we give.”

To East West Bank, Cal State L.A. is a model client, albeit non-traditional. UAS has excellent credit credentials and offers impressive security for loans.

The real payoff: UAS-generated surpluses are returned to Cal State L.A. as scholarships, donations and facility improvements.

Formula for Success

Scholarship grants help Cal State L.A. train biochemistry students such as Rob Ramirez.

A Perfect Fit

In the competitive apparel industry, importers know that a knowledgeable, responsive bank can help deepen their pockets — and keep customers from reaching deep into their own. At Kenvin, Inc., owner of respected menswear labels Cordovan & Grey and Kenneth Morton, the husband and wife team of David and Winnie Sim count on East West Bank to give them the reliable service and good credit terms they need in a fast-moving import market.

“When I need an international letter of credit, I can apply today and get it tomorrow,” says C.F.O. Winnie Sim. “I can also get funds right away. Other banks have lots of burdensome restrictions and require lots of paperwork that make the process very complicated — and very slow. East West keeps the process simple.”

With strong financial backing and fast responses, Kenvin has the clout to negotiate better prices from its Chinese suppliers. Says C.E.O. David Sim: “People put their trust in you in this business. East West Bank helps me honor that trust.”

C.F.O. Winnie Sim inspects garments imported from China at Kenvin's Los Angeles warehouse.

Building Relationships Near and Far

Lodi, California, the “Wine Grape Capital” on the Sacramento Delta, is home to RPM Company, a real estate firm that has built and developed over 22,000 apartments nationally and renovated over 5,000 units in California. RPM is known for turning severely distressed properties into attractive, income-producing communities.

To RPM, Lodi is distinguished for what it is not: home to an East West branch. “We had a very satisfying borrowing relationship with East West,” says Director Dave Fisher, “but geography prevented us from expanding our banking association. We needed a convenient branch for daily deposits.”

East West’s cash management specialists found the solution. A Lodi bank is now a correspondent bank, accepting RPM deposits and transferring the funds to RPM’s many East West accounts, including money-market mutual funds. The developer then manages its finances and maximizes cash flow using East West’s sophisticated PC-based cash-management software programs.

“We’re impressed that East West values RPM enough to provide this unconventional service,” Fisher says. “I enjoy telling people to get a Lodi where East West Bank does business!”

Children enjoy living in RPM’s family-friendly communities.

SINGING SENSATION JOINS EAST WEST BANK IN A “DRUG-FREE AMERICA”

Listen to the lyrics: “Drugs can destroy lives and futures,” says Jimmy Lin, music sensation, actor and idol to millions of teenage fans worldwide.

Lin is joining East West Bank in a year-long “Drug-Free America” campaign targeting Asian youth and their parents. The initiative supports the National Youth Anti-Drug Media Campaign, which educates parents about drug abuse prevention and gives teenagers the tools to reject illicit drugs.

“I am committed to a drug-free life, and I would like to share my experience and beliefs with others,” says Lin, an active anti-drug advocate in his native Taiwan.

East West Bank will produce a public service announcement and support materials. Lin plans to participate in several East West-sponsored anti-drug functions. Other program supporters include China Airlines and American Chinese Television.



NG LEADS UNITED WAY FUND DRIVE

Dominic Ng officially launched United Way’s year-long fund-raising drive last fall as Campaign Chairman. In taking the helm, he becomes the first minority, first Asian-American and first 21st century fund-drive leader.

The new chairman expects to raise \$65 million in contributions. United Way is Los Angeles County’s largest private funder of health and human services, helping nearly four million needy people.

“I especially look forward to tapping the region’s many pools of new wealth and helping make charitable giving part of their corporate cultures,” Ng says. “United Way has always counted on its partners to help us reach, if not exceed, our fund-raising goals and bridge the poverty gap in this county.”

As Campaign Chairman, Ng adds this name to an impressive list. Former United Way Campaign Chairmen include Liam McGee, President, Bank of America; Stephen E. Frank, Chairman, Southern California Edison; Dick Schlosberg, Publisher, Los Angeles Times; and Bruce Willison, President, First Interstate Bank of California.

“Day of Caring” For the United Way Community

More than 100 East West Bank volunteers rolled up their sleeves last fall for United Way’s 10th Annual “Day of Caring 2000,” joining activists in Southern California and across the nation in serving their communities. At the International Institute of Los Angeles, which provides services to 4,000 elderly East Los Angeles residents, East West staffers repainted the building and created an outside mural.



PROMOTING BANK AND BRAND LOYALTY

Some of the biggest brand names in business are wooing East West Bank's customers with discounts and giveaways to secure a firmer foothold in the thriving Asian-American consumer market.

East West launched groundbreaking joint-promotion programs with consumer-products companies to reward customers for their loyalty — to brand and Bank. Last year East West took sides in the nation's fast-food rivalry when it distributed coupons to customers for free Coca-Cola drinks at over 300 *Burger King* restaurants in Southern California.

GTE Long Distance and East West teamed to offer special deals on long distance phone service to customers opening a new personal or business checking account. Other companies seeking closer ties with the local Asian-American community included *Shell Oil*, *Pacific Bell*, and *Raging Waters*.

Dominic Ng explains that corporate partners who ally with East West build relationships with the Bank's customers through a better understanding of their cultural backgrounds and by getting involved in their communities.

Widening the Web.

East West Bank's internet site is even more worldwide: www.eastwestbank.com now has a Chinese version.

With one mouse-click, Chinese customers can open a window to start accounts, check balances, transfer money, access transaction history, and pay bills. The site is the nation's first interactive Chinese-language online banking service.

For instant access to the internet in Chinese, customers can log on through East West partner SINA.com, a leading Chinese-language internet service provider offering e-mail, news, entertainment and e-commerce.

The launch continues a tradition of community outreach and is another example of the Bank's leadership as a Chinese-American financial institution. East West Bank was among the first to offer Chinese and Spanish ATM service and 24-hour automated telephone banking.



As American as hot dogs, apple pie and Feng Shui.



At East West Bank, we take great pride in the success of our customers. As well as our own. Headquartered right here in San Marino, we've grown from a savings and loan serving the Chinese-American community to become the 3rd largest commercial bank based in Southern California, with over \$2.5 billion in assets and climbing, along with a diverse, highly successful client list that extends into virtually every culture and business category in Southern and Northern California.

We have the experience and in-depth knowledge to help your business identify new opportunities and respond quickly to today's ever-changing marketplace. And a full line of commercial banking products including sophisticated cash management services designed to meet your needs today, and for years to come.

So call today, and let's talk about how we can be your bridge to success around the world, or right here in our own hometown.



EASTWEST BANK

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Nasdaq: EWBC

MEMBER
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THINK OF US AS A BRIDGE. FROM WHERE YOU ARE. TO WHERE YOU WANT TO BE.

East West Bancorp has been trading on Nasdaq under the symbol “EWBC” for just two years. The investment community is increasingly becoming familiar with our high-performing bank. To acquaint others with an interest in the company, Chairman and Chief Executive Officer Dominic Ng and Chief Financial Officer Julia Gouw answer some commonly asked questions.



East West has become a multi-faceted bank. How would you like investors to view you?

Dominic Ng: We would like investors to understand that we have built a complementary mix of ethnic retail banking and highly personalized specialty commercial banking services. In doing so, we have developed a unique market position. We bring a wide range of value-added services and expertise to our Chinese-American and to our mainstream clients. While we will always remain dedicated to our ethnic market roots, we believe that the best way to create a solid niche in today's competitive banking market is to achieve the

maximum leverage from our outstanding human resources and our market knowledge.

You have pursued a strategy of acquisitions. If you continue this approach, what will be your focus?

Ng: We will continue to augment our internal growth through carefully structured acquisitions. We believe that we can enhance our franchise — in the Chinese-American market and in our commercial operations — through complementary or additive business lines. We want to ensure that our acquisition targets have similar operating and credit cultures in order to achieve a successful integration. I believe that the Prime Bank

acquisition represents an ideal example of our strategy. We added expertise in a number of specialty niche markets and expanded our reach in the mainstream commercial markets. As with all our acquisitions, we remain committed to achieving earnings per share accretion within the first year.

What is the Bank's most notable accomplishment as a commercial institution?

Julia Gouw: I feel it is the fact that we have become the third largest commercial bank headquartered in Southern California within five years of converting from a thrift and loan. In that time, we have created a highly

respected commercial banking franchise and achieved a 50 percent compounded annual growth rate in earnings per share. This growth was the result of our commitment to build a strong business banking operation while adhering to our stringent credit standards. I believe the success of our strategy shows in our financial performance last year.

this source of new business is sufficient for us to achieve our goals without having to capture substantial market share.

EWB has a relatively new management team. How do you describe your group?

Ng: We're fortunate to have attracted a number of very talented, senior bankers who

finance activities. We will also expand upon our strong real estate lending franchise, particularly in markets with attractive risk profiles and appropriate returns.

What growth opportunities do you see for East West Bank in 2001?

Ng: In 2001, we will continue expanding our commercial customer base, with an



We achieved a 27 percent increase in net income and reduced non-performing assets to the lowest level in a decade.

East West Bank benefited from the consolidation of California's banking market of the 1990s. Do you see those benefits continuing?

Gouw: Absolutely. We expect to benefit in multiple ways from the on-going consolidation among banks. First, many local companies want relationships with banks where decisions are made locally. In addition, the inevitable fall-out from the acquisitions of local institutions generates significant opportunities for growth in our customer base. We believe that

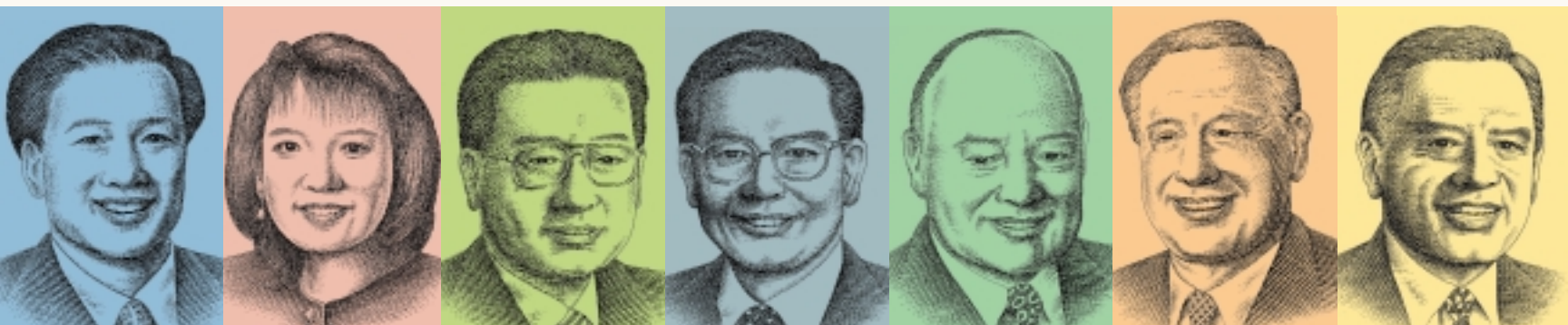
learned the business at other respected and successful financial institutions. They all share the desire to work more independently and more closely with their clients. We encourage that, within the guidelines of our operating strategies. We also have a young team that will offer continuity over the coming years.

Your loan portfolio has changed considerably in recent years. How will it look in coming years?

Gouw: We continue to work toward a more diversified and granular portfolio. We anticipate continuing to add to our commercial business loans and our trade

emphasis on greater deposit generation. We feel that by concentrating on a number of niche deposit markets in our retail operations and in our expanded commercial platform, we can generate higher revenue growth through lower cost deposits and with less risk. We will also focus on expanding our fee income stream to ensure multiple avenues of earnings. We believe that we can leverage the expertise and skills we have within the Bank to add to our income without adding to our balance sheet. In doing so, we'll increase our returns on capital.

Board of Directors



East West Bancorp is privileged to have the service of Board Members whose depth of experience, corporate knowledge and community involvement truly benefit the company.

Dominic Ng, Chairman, President and Chief Executive Officer, East West Bancorp and East West Bank

Mr. Ng has been President and CEO since 1992. Prior to joining the Bank, he was President and CEO of Seyen Investment Inc. While he was a CPA with Deloitte & Touche, LLP, he headed the Chinese Business Services Group. Mr. Ng serves on the Board of ESS Technology, Inc. He is also the Campaign Chairman of United Way of Greater Los Angeles, Board Member of the Anderson School of Management at UCLA and Loyola Marymount University. Mr. Ng has received numerous awards from the professional and philanthropic communities during the past decade.

Julia S. Gouw, Executive Vice President and Chief Financial Officer, East West Bancorp and East West Bank

Julia Gouw has held her senior posts at East West since 1994. She became a Director in 1997. Prior to joining East West in 1989 as Vice President and Controller, Ms. Gouw was a senior audit manager with KPMG Peat Marwick. She is on the Board of Visitors of UCLA School of Medicine, a member of the Financial Executives' Institute, and the California Society of CPAs.

Herman Y. Li, Chairman, C&L Restaurant Group

Mr. Li, a franchisee of Burger King and Denny's corporations, owns and operates over 85 restaurants throughout the nation. He is a member of the executive committee of Burger King's Diversity Action Council. Mr. Li was honored by the Asian Business Association of Los Angeles in 1997 as "Asian Business Owner of the Year."

Jack C. Liu, Esq., President, Global Gateway

Mr. Liu heads an international company that is a leading provider of telecommunications real estate facilities throughout the Western United States and Asia Pacific Rim. An attorney with a practice in Los Angeles and Taiwan, he had served as a managing partner of SilkRoad Capital Corp., an investment firm for Asia-related investment projects. Mr. Liu's legal expertise is in corporate, banking regulation and real estate investment matters.

James P. Miscoll, Vice Chairman (Retired), Bank of America

Mr. Miscoll had a 30-year career at Bank of America, where he served as Vice Chairman of the Board for three years and as a member of the managing committee for over ten years. His responsibilities included heading operations throughout Europe and Asia, Global Retail Bank operations and the Corporate Account Division. He is also a director of the Giannini Family Foundation and numerous public and private companies.

Keith W. Renken, Managing Partner, Renken Enterprises

Mr. Renken was a leading advisor to Southern California and the Pacific Rim businesses during his 33 years with Deloitte & Touche, LLP, where he served as managing partner from 1983-1989. He is now a professor at the University of Southern California Marshall School of Business' "Executive in Residence Program" and is on the board of directors for several private and NYSE companies. His many honors include the "Distinguished Business Leader Award" from the Los Angeles Area Chamber of Commerce.

Edward Zapanta, M.D., Senior Medical Director, HealthCare Partners Medical Group

Dr. Edward Zapanta is a clinical Professor of Surgery, Department of Neurosurgery, at the University of Southern California Keck School of Medicine and also serves on its Overseers Board. He was the founder of Universal Medi-Co, a multi-specialty medical group, prior to the merger with HealthCare Partners in 1992. Dr. Zapanta is on the boards of Edison International, the James Irvine Foundation and serves on the Board of Trustees of the University of Southern California.

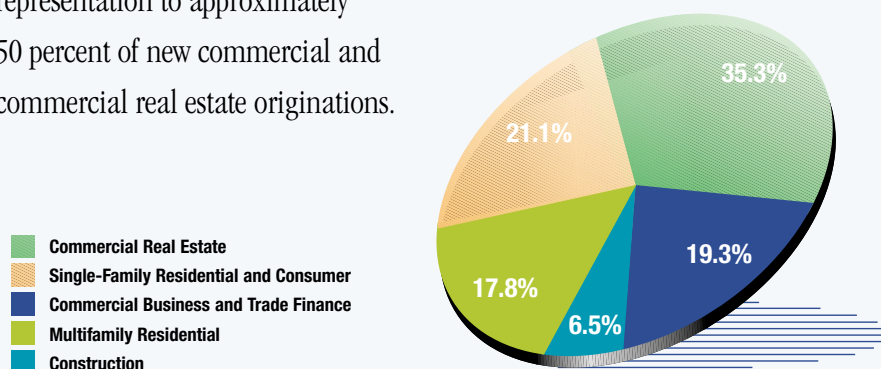
East West Lending – Adapting to Changing Times

East West achieved record loan growth in 2000 while taking steps to ensure that asset quality is among the best in its peer group. With the economy appearing to slow, the Bank took steps to reposition the loan portfolio. It reduced exposure to larger individual credits and industries by participating out more than \$50 million during the year and reducing holdings of its largest loans.

Other important changes in the loan portfolio include:

- Increasing total gross loans by 20 percent to more than \$1.8 billion.
- Reducing the average balances in commercial real estate loans and business loans, contributing to the portfolio's highly granular structure.
- Reducing the loan-to-value ratio for commercial real estate loans to 52 percent.
- Raising the level of commercial business and trade finance loans to 19.3 percent of the total portfolio from 16.5 percent in 1999. Reducing construction loans to 6.5 percent of the portfolio from 8.1 percent in 1999.
- Increasing mainstream borrower representation to approximately 50 percent of new commercial and commercial real estate originations.

Loan Portfolio Composition



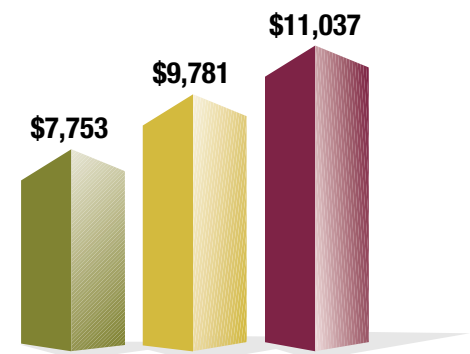
Star Performer

EWBC Earns Nasdaq and S&P Recognition

East West Bancorp, trading under the symbol EWBC, has joined The Nasdaq Financial 100 Index. The group includes 100 of the largest financial companies listed on the Nasdaq National Market. EWBC also joined the Standard & Poor's index of small cap companies.

Fees – A Key to Future Income Growth

Fee Income (\$ in millions)



Fee income topped \$11 million in 2000, a 42% increase since 1998

East West continued to build its base of fee income during 2000. The acquisition of East West Insurance in the third quarter added an important source of fee income. This revenue is non-credit dependent and also more independent of the credit cycle than many other fee income businesses.

The Bank also continued to generate healthy gains in trade finance and branch income fees. Combined, these sources generated a 23 percent increase in core fee income for the year.

Looking to 2001 and beyond, the Bank intends to increase its cross-selling of commercial insurance products to banking customers and to develop additional sources of recurring fee income that leverage existing expertise and skills.

Looking Forward

For the year 2001, East West Bancorp has set its sights on achieving these financial goals:

- Organic growth in earnings per share between 12 and 15 percent
- Return on assets of at least 1.5 percent
- Return on equity of 20 percent or greater
- Non-performing assets of 1.0 percent or less

East West Bancorp, Inc and Subsidiaries

<i>Five Year Summary of Selected Financial Information</i>	<i>21</i>
<i>Management's Discussion and Analysis of</i>	<i>22</i>
<i>Consolidated Financial Statements and Results of Operations</i>	
<i>Consolidated Balance Sheets</i>	<i>40</i>
<i>Consolidated Statements of Income</i>	<i>41</i>
<i>Consolidated Statements of Changes in Stockholders' Equity</i>	<i>42</i>
<i>Consolidated Statements of Cash Flows</i>	<i>43</i>
<i>Notes to Consolidated Financial Statements</i>	<i>45</i>
<i>Independent Auditors' Report and Report of Management</i>	<i>67</i>
<i>Investor Information</i>	<i>68</i>

FIVE YEAR SUMMARY OF SELECTED FINANCIAL INFORMATION

(In thousands, except per share data)	2000	1999	1998	1997	1996
Summary of Operations:					
Interest and dividend income	\$ 186,080	\$ 148,027	\$ 126,708	\$ 107,092	\$ 96,876
Interest expense	96,593	76,142	71,043	62,646	57,268
Net interest income	89,487	71,885	55,665	44,446	39,608
Provision for loan losses	4,400	5,439	5,356	5,588	4,398
Net interest income after provision for loan losses	85,087	66,446	50,309	38,858	35,210
Noninterest income	14,968	14,693	10,027	8,493	5,571
SAIF recapitalization expense	--	--	--	--	7,040
Noninterest expense	49,960	39,509	32,626	29,010	28,049
Income before provision for income taxes	50,095	41,630	27,710	18,341	5,692
Provision for income taxes	14,628	13,603	9,682	7,330	2,486
Net income (1)	\$ 35,467	\$ 28,027	\$ 18,028	\$ 11,011	\$ 3,206
Basic earnings per share (1)	\$ 1.58	\$ 1.23	\$ 0.76	\$ 0.46	\$ 0.13
Diluted earnings per share (1)	\$ 1.53	\$ 1.22	\$ 0.76	\$ 0.46	\$ 0.13
Average number of shares outstanding, basic	22,448	22,757	23,775	23,775	23,775
Average number of shares outstanding, diluted	23,168	22,895	23,775	23,775	23,775
At Year End:					
Total assets	\$2,485,971	\$2,152,630	\$2,058,160	\$1,734,339	\$1,621,547
Loans receivable, net	1,789,988	1,486,641	1,100,579	934,850	862,640
Investment securities	488,290	496,426	682,436	374,810	406,468
Deposits	1,948,562	1,500,529	1,292,937	1,235,072	1,182,886
Federal Home Loan Bank advances	268,000	482,000	563,000	211,000	55,000
Stockholders' equity	186,149	150,080	150,830	132,552	122,375
Shares outstanding	22,661	22,423	23,775	23,775	23,775
Book value per share	\$ 8.21	\$ 6.69	\$ 6.34	\$ 5.58	\$ 5.15
Financial Ratios:					
Return on assets (2)	1.51%	1.35%	1.00%	0.70%	0.22%
Return on equity (2)	21.57	18.96	12.83	8.91	2.71
Average stockholders' equity to average assets	7.02	7.12	7.80	7.87	8.16
Net interest margin	4.03	3.62	3.22	2.92	2.82
Efficiency ratio (2) (3)	40.91	40.56	46.52	52.47	75.61
Asset Quality Ratios:					
Net chargeoffs to average loans	0.22%	0.17%	0.11%	0.37%	0.37%
Nonperforming assets to year end total assets	0.30	0.75	0.99	1.25	1.28
Allowance for loan losses to year end total gross loans	1.31	1.38	1.47	1.29	1.15

(1) Excluding the non-recurring Savings Association Insurance Fund ("SAIF") recapitalization assessment, net income and earnings per share (basic and diluted) for the year ended December 31, 1996 were \$7.4 million and \$0.31, respectively.

(2) Excluding the SAIF recapitalization assessment, the Company's return on assets, return on equity and efficiency ratios were 0.51%, 6.26% and 59.89%, respectively, during the year ended December 31, 1996.

(3) Represents noninterest expense, excluding the amortization of intangibles and investments in affordable housing partnerships, divided by the aggregate of net interest income before provision for loan losses and noninterest income, excluding the amortization of intangibles..

MANAGEMENT'S DISCUSSION AND ANALYSIS OF CONSOLIDATED 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 (the "Company"). This information is intended to facilitate the understanding and assessment of significant changes and trends related to the financial condition of the Company and the results of its operations. This discussion and analysis should be read in conjunction with the Company's Consolidated Financial Statements and the accompanying notes presented elsewhere herein.

East West Bancorp, Inc. is predominantly a bank holding company. Its primary subsidiary, East West Bank (the "Bank") is a state chartered bank with 30 branch offices located in Los Angeles, Orange, San Francisco and Santa Clara counties. The Bank's results of operations are primarily dependent on its net interest income, which is the difference between the interest income earned on its assets, primarily loans and investments, and the interest expense on its liabilities, primarily deposits and borrowings. Net interest income may be affected significantly by general economic and competitive conditions and policies of regulatory agencies, particularly with respect to market interest rates. The results of operations are also significantly influenced by the level of noninterest expense, such as employee salaries and benefits; noninterest income, such as fees on deposit-related services; and the Bank's provision for loan losses. The Bank has three wholly-owned subsidiaries—E-W Services, Inc., which holds property used by the Bank in its operations, East-West Investments, Inc., which primarily serves as a trustee for the Bank in connection with real estate secured loans, and EWSC Holdings, LLC, which owns 100% of the voting shares of East West Securities Company, Inc., a non-diversified, closed-end, management investment company registered under the Investment Company Act of 1940, as amended.

COMPONENTS OF NET INCOME

	2000	1999	1998
(In millions)			
Net interest income	\$89.5	\$71.9	\$55.7
Provision for loan losses	(4.4)	(5.4)	(5.4)
Noninterest income	15.0	14.7	10.0
Noninterest expense	(50.0)	(39.5)	(32.6)
Provision for income taxes	(14.6)	(13.6)	(9.7)
Net income	\$35.5	\$28.0	\$18.0
Return on average total assets	1.51%	1.35%	1.00%

Net Interest Income

The Bank's primary source of revenue is net interest income, which is the difference between interest income on earning assets and interest expense on interest-bearing liabilities. Net interest income in 2000 totaled \$89.5 million, a 24% increase over net interest income of \$71.9 million in 1999.

Total interest and dividend income during 2000 increased 26% to \$186.1 million compared with \$148.0 million during 1999. The increase in interest and dividend income is derived primarily from a 12% growth in average earning assets and higher yields on all categories of earning assets. Growth in the Bank's average loan portfolio, partially offset by decreases in the other

Acquisition of Prime Bank

On January 16, 2001, the Company completed its acquisition of Prime Bank for a combination of shares and cash valued at \$16.6 million. Prime Bank, with assets of \$108 million and total stockholders' equity of \$7.5 million as of December 31, 2000, was a one-branch commercial bank located in the Century City area of Los Angeles. Prime Bank focused on providing a wide range of services to commercial, real estate and professional firms located in the West Los Angeles market based upon a committed relationship approach to business banking. In addition to commercial real estate loans, business term loans and lines of credit, Prime Bank provided specialty depository services to entertainment, title and escrow, and other sectors.

Results of Operations

The Company reported net income of \$35.5 million for 2000, compared with \$28.0 million for 1999 and \$18.0 million for 1998, representing an increase of 27% for 2000 and 55% for 1999. On a per share basis, net income was \$1.53, \$1.22 and \$0.76 for 2000, 1999 and 1998, respectively. During 2000, the increase in net earnings is largely attributable to continued growth in the loan portfolio, a higher net interest margin and a slight increase in noninterest-related revenues partially offset by higher operating expenses. Earnings in 1999 improved over 1998 primarily due to the growth in the loan and investment securities portfolios and a reduction in the Company's cost of funds. The Company's return on average total assets increased to 1.51% in 2000, from 1.35% in 1999 and 1.00% in 1998, while the return on average stockholders' equity increased to 21.57% in 2000, compared with 18.96% in 1999 and 12.83% in 1998.

categories of earning assets, triggered the increase in average earning assets. The net growth in average earning assets was funded largely by time deposits, money market accounts, and noninterest-bearing demand deposits.

Total interest expense during 2000 increased 27% to \$96.6 million compared with \$76.1 million a year ago. The increase in interest expense is primarily attributable to higher rates paid on interest-bearing liabilities and growth in average money market accounts and time deposits, partially offset by a decrease in average FHLB advances.

Net interest margin, defined as taxable equivalent net interest income divided by average earning assets, increased 41 basis points to 4.03% in 2000, compared with 3.62% in 1999. The increase in net interest margin is primarily due to the increased volume of loans and noninterest-bearing

demand deposits and higher overall yields on earning assets, partially offset by higher rates paid on interest bearing liabilities. Average loan growth of 28% during 2000 was most notable in the multifamily residential, commercial real estate, construction and commercial business segments of the portfolio. A marked increase in the average prime rate of 121 basis points during 2000 is the main catalyst for higher overall yields on earning assets during 2000.

The Company's overall cost of funds increased 65 basis points to 4.91% during 2000 primarily due to the increase in rates paid on all categories of interest-bearing liabilities, predominantly on time deposits and FHLB advances. The increase in rates paid is due to a rise in overall interest rates. Growth in the average volume of time deposits and money market accounts, partially offset by a sizeable decrease in the volume of FHLB advances, further contributed to the increase in the Company's cost of funds during 2000.

Comparing 1999 to 1998, the Company's net interest margin increased

40 basis points to 3.62%, from 3.22% in 1998. Despite a 33 basis point decline in the average prime rate during 1999 resulting in a decrease in loan yields, the overall yield on earning assets increased to 7.46% in 1999, from 7.33% in 1998. This is primarily due to the increased volume of average loans and investment securities during 1999 which more than compensated for the decline in loan yields. Another factor that accounted for the increase in overall yields on earning assets is an increase in the yield on investment securities due to purchases of fixed rate securities during the latter half of 1998. Further contributing to the increase in net interest margin is the growth in noninterest-bearing demand deposits and a decrease in the overall cost of funds due to reduced rates paid on all categories of interest-bearing liabilities.

The following table presents the net interest spread, net interest margin, average balances, interest income and expense, and the average yields and rates by asset and liability component for the years ended December 31, 2000, 1999 and 1998:

	Year Ended December 31,								
	2000			1999			1998		
	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:									
Short-term investments	\$ 12,483	\$ 960	7.69%	\$ 40,262	\$ 2,381	5.91%	\$ 227,112	\$13,302	5.86%
Taxable investment securities (1)(2)	513,126	32,521	6.34	609,587	35,560	5.83	477,338	26,405	5.53
Loans receivable (1)(3)	1,670,981	150,985	9.04	1,306,306	108,547	8.31	1,004,477	85,806	8.54
FHLB stock	21,794	1,614	7.41	29,203	1,539	5.27	20,140	1,195	5.93
Total interest-earning assets	2,218,384	186,080	8.39	1,985,358	148,027	7.46	1,729,067	126,708	7.33
Noninterest-earning assets:									
Cash and due from banks	47,343			34,185			25,231		
Allowance for loan losses	(23,893)			(19,191)			(14,253)		
Other assets	101,109			76,192			60,537		
Total assets	\$2,342,943			\$2,076,544			\$1,800,582		
LIABILITIES AND STOCKHOLDERS' EQUITY									
Interest-bearing liabilities:									
Checking accounts	\$ 108,228	\$ 1,398	1.29	\$ 87,828	\$ 1,060	1.21	\$ 78,066	\$ 1,072	1.37
Money market accounts	107,130	3,836	3.58	51,448	1,594	3.10	28,051	1,010	3.60
Savings deposits	218,455	4,213	1.93	216,590	3,954	1.83	213,675	5,048	2.36
Time deposits	1,164,671	63,201	5.43	922,107	42,959	4.66	845,749	42,369	5.01
Short-term borrowings	31,009	2,065	6.66	19,679	1,080	5.49	119,638	6,767	5.66
FHLB advances	325,656	20,503	6.30	491,203	25,495	5.19	282,091	14,777	5.24
Junior subordinated debt securities	12,686	1,377	10.85	--	--	--	--	--	--
Total interest-bearing liabilities	1,967,835	96,593	4.91	1,788,855	76,142	4.26	1,567,270	71,043	4.53
Noninterest-bearing liabilities:									
Demand deposits	185,731			116,129			78,802		
Other liabilities	24,953			23,712			14,009		
Stockholders' equity	164,424			147,848			140,501		
Total liabilities and stockholders' equity	\$2,342,943			\$2,076,544			\$1,800,582		
Interest rate spread			3.48%			3.20%			2.80%
Net interest income and net interest margin		\$89,487	4.03%		\$ 71,885	3.62%		\$55,665	3.22%

(1) Includes net premium amortization on investment securities and loans receivable totaling \$704 thousand, \$288 thousand, and \$1.2 million for the years ended December 31, 2000, 1999 and 1998, respectively. Also includes the amortization of deferred loan fees totaling \$2.0 million, 2.3 million, and 1.9 million for the years ended December 31, 2000, 1999 and 1998, respectively.

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

(3) Average balances include nonperforming loans.

Analysis of Changes in Net Interest Margin

Changes in the Bank's 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 asset and interest-bearing liability 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.

	Year Ended December 31,					
	2000 vs. 1999			1999 vs. 1998		
(In thousands)	Total Change	Changes Due to Volume (1)	Rates (1)	Total Change	Changes Due to Volume (1)	Rates (1)
INTEREST-EARNING ASSETS:						
Short-term investments	\$ (1,421)	\$ (2,517)	\$ 1,096	\$(10,921)	\$(11,051)	\$ 130
Taxable investment securities	(3,038)	(6,700)	3,662	9,155	7,649	1,506
Loans receivable, net	42,437	32,320	10,117	22,741	25,011	(2,270)
FHLB stock	75	(126)	201	344	458	(114)
Total interest income	\$38,053	\$22,977	\$15,076	\$ 21,319	\$ 22,067	\$ (748)
INTEREST-BEARING LIABILITIES:						
Checking accounts	\$ 338	\$ 259	\$ 79	\$ (12)	\$ (380)	\$ 368
Money market accounts	2,242	1,960	282	584	701	(117)
Savings deposits	259	34	225	(1,094)	70	(1,164)
Time deposits	20,241	12,446	7,795	590	2,633	(2,043)
Short-term borrowings	985	719	266	(5,687)	(5,492)	(195)
FHLB advances	(4,991)	(13,569)	8,578	10,718	10,852	(134)
Junior subordinated debt securities	1,377	1,377	--	--	--	--
Total interest expense	\$20,451	\$ 3,226	\$17,225	\$ 5,099	\$ 8,384	\$(3,285)
CHANGE IN NET INTEREST INCOME	\$17,602	\$19,751	\$ (2,149)	\$ 16,220	\$ 13,683	\$ 2,537

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

Provision for Loan Losses

The provision for loan losses amounted to \$4.4 million for 2000 and \$5.4 million for both 1999 and 1998. Provisions for loan losses are

charged to income to bring the allowance for credit losses to a level deemed appropriate by management based on the factors discussed under the "Allowance for Loan Losses" section of this report.

Noninterest Income**COMPONENTS OF NONINTEREST INCOME**

(In millions)	2000	1999	1998
Loan fees	\$ 1.85	\$ 2.28	\$ 2.39
Branch fees	4.84	3.39	2.58
Letters of credit fees and commissions	4.35	4.11	2.79
Net gain on sales of securities available for sale	0.12	0.69	1.32
Net gain on trading securities	(0.02)	1.90	--
Net gain on sale of affordable housing investments	1.28	0.40	--
Net gain on sale of branch	--	0.68	--
Amortization of negative intangibles	0.42	0.41	0.41
Other	2.13	0.83	0.54
Total	\$14.97	\$14.69	\$10.03

Noninterest income includes revenues earned from sources other than interest income. These sources include: ancillary fees on loans, service charges and fees on deposit accounts, fees and commissions generated from trade finance activities and the issuance of letters of credit, net gains on trading securities, and net gains on sales of investment securities available for sale and affordable housing investments.

Noninterest income increased 2% to \$15.0 million during 2000, primarily due to higher branch service-related fees, gains on sales of affordable housing investments, and other income, partially offset by lower gains on trading securities and sales of investment securities available for sale. Included in noninterest income for 1999 is a one-time gain on sale of the Company's Irvine branch amounting to \$676 thousand. There was no such gain recorded in 2000.

Ancillary fees on loans include fees and service charges related to appraisal services, loan documentation, processing and underwriting, and secondary market-related activities. Ancillary loan fees decreased 19% to \$1.8 million in 2000, from \$2.3 million in 1999, primarily due to the Company's reduced secondary marketing activities. The reduction in secondary marketing activities was prompted, in part, by the introduction of new loan portfolio products and, to a larger extent, by the current interest rate environment during 2000 which favored the origination of adjustable rate mortgages over fixed rate mortgages.

Branch fees, which represent revenues derived from branch operations, amounted to \$4.8 million in 2000, a 43% increase from the \$3.4 million earned during 1999. The increase in branch fees is primarily due to higher service-related fee income on transaction accounts resulting from the acquisition of American International Bank in mid-January 2000. Further, sustained growth in revenues from analysis charges on commercial deposit accounts also contributed to the increase in branch fee income.

Letters of credit fees and commissions increased 6% to \$4.4 million entirely due to the growth in trade finance revenues. Fees related to the issuance and maintenance of standby letters of credit remained at \$2.3 million for both 2000 and 1999.

Other noninterest income, which include insurance commissions and insurance related service fees, interest earned on officer life insurance policies, branch rental income, and income from operating leases, increased 157% to \$2.1 million. The increase in other noninterest income is primarily due to \$395 thousand in insurance commissions and other insurance-related service fee income in connection with the acquisition of Risk Services, Inc. in August 2000. There were no such commissions and service fee income during 1999. In addition, the Company also recorded \$305 thousand in revenues from equipment leased to third parties in connection with \$1.3 million in operating leases entered into by the Company during 2000. The Company had no operating leases in 1999. The Company also recorded \$142 thousand in sublease rental income from its Torrance branch location as part of the Company's acquisition of American International Bank in mid-January 2000. Further contributing to other noninterest income is a \$263 thousand increase in interest income on officer life insurance policies relative to such income earned in 1999. At December 31, 2000, the aggregate net cash surrender value of the Company's officer life insurance policies amounted to \$17.0 million compared to \$11.0 million at December 31, 1999.

Other contributions to noninterest income include \$123 thousand and \$685 thousand in gains on sales of available for sale securities for 2000 and 1999, respectively. Net losses on trading securities totaled \$16 thousand during 2000 compared to \$1.9 million in trading securities gains during 1999.

Comparing 1999 to 1998, noninterest income increased 47% to \$14.7 million. Included in noninterest income for 1999 are the one-time \$676 thousand gain on sale of the Irvine branch, \$1.9 million in gains on trading securities and \$402 thousand in gains on sale of an investment in affordable housing partnerships. There were no such gains recorded in 1998. Further contributing to the increase in noninterest income during 1999 is a 48% growth in fee-based service income related to letters of credit fees and commissions and 31% increase in branch service-related fee income. Slightly offsetting these increases was a 4% decrease in ancillary loan fees primarily due to a decline in secondary market activities.

Noninterest Expense

COMPONENTS OF NONINTEREST EXPENSE

(In millions)	2000	1999	1998
Compensation and other employee benefits	\$20.29	\$18.48	\$17.28
Net occupancy	7.56	5.65	4.97
Data processing	1.78	1.40	1.25
Amortization of positive intangibles	3.32	1.57	1.24
Amortization of affordable housing investments	4.08	2.99	1.02
Deposit insurance premiums and regulatory assessments	0.46	0.86	0.83
Other real estate owned operations, net	(0.17)	(0.34)	(0.38)
Other	12.64	8.90	6.42
Total	\$49.96	\$39.51	\$32.63
Efficiency ratio	41%	41%	47%

Noninterest expense, which is comprised primarily of compensation and employee benefits, occupancy and other operating expenses increased 26% to \$50.0 million during 2000. Compensation and employee benefits

increased 10% to \$20.3 million primarily due to the acquisition of American International Bank and also to the addition of several new loan officers with specialized lending experience.

Occupancy expenses increased 34% to \$7.6 million during 2000 primarily reflecting the operations of the eight branches of American International Bank, an overhead factor which was not present during 1999. Additionally, the impact of normal rent adjustments in existing leases, increased expenses related to the enhancement and maintenance of the Company's computer network system, and increased depreciation from equipment under operating leases further contributed to the rise in occupancy expenses.

Data processing expenses increased 27% to \$1.8 million during 2000, compared with \$1.4 million in 1999, primarily due to the acquisition of American International Bank.

The amortization of positive intangibles, which include premiums on deposits acquired and excess of purchase price over fair value of net assets acquired ("goodwill"), increased 111% during 2000. The increase in the amortization of positive intangibles is due to the acquisitions of First Central Bank, American International Bank and East West Insurance Agency. Combined goodwill of \$14.2 million and deposit premiums of \$8.6 million were recorded by the Company for these transactions which are being amortized straight line over 15 years and 7 years, respectively.

The amortization of investments in affordable housing partnerships increased 36% to \$4.1 million during 2000, compared with \$3.0 million in 1999. The increase in amortization reflects the impact of \$5.5 million in additional investment purchases made since year-end 1999, offset by two sale transactions totaling \$9.3 million in February 2000 and September 2000. Total investments in affordable housing partnerships amounted to \$19.7 million as of December 31, 2000, compared with \$26.5 million as of December 31, 1999.

Deposit insurance premiums and regulatory assessments decreased 47% to \$458 thousand primarily due to a significant decrease in the Savings Association Insurance Fund ("SAIF") Financing Corporation ("FICO") assessment rates effective in 2000. The average annual FICO assessment rate during 2000 was 2.07 basis points per \$100 of assessable deposits compared to 5.93 basis points during 1999.

Net income related to OREO operations, which includes net rental income collected from OREO properties and net gains or losses on subsequent sales, totaled \$174 thousand during 2000, compared with net income of \$340 thousand in 1999, primarily due to a 60% decrease in net gains on sales of OREO properties during 2000 in comparison to 1999.

Other operating expenses include advertising and public relations, telephone and postage, stationery and supplies, bank and item processing charges, insurance, legal and other professional fees. Other operating expenses increased 42% to \$12.6 million in 2000, compared with \$8.9 million for 1999. The increase in other operating expenses can be attributed to the Company's continued expansion, which includes the recent acquisitions of First Central Bank, American International Bank and East West Insurance Agency, as well as internal growth.

Comparing 1999 to 1998, noninterest expense increased \$6.9 million, or 21%, to \$39.5 million. The increase is comprised primarily of the following: (1) an increase in compensation and employee benefits of \$1.2 million primarily due to internal growth and the acquisition of First Central Bank at the end of May 1999; (2) an increase in occupancy expenses of \$675 thousand reflecting four months of operations for the branches and administrative offices of First Central Bank prior to their integration with existing East West Bank locations, and increased expenses

related to the outsourcing of computer hardware maintenance, partially offset by the sale of the Irvine branch to People's Bank of California in May 1999; (3) an increase in amortization of positive intangibles of \$331 thousand due to the acquisition of First Central Bank; (4) an increase in amortization of affordable housing partnerships of \$2.0 million reflecting the impact of \$5.1 million in additional investments purchased during 1999; and (5) an increase in other operating expenses of \$2.5 million attributed to the Company's overall growth--through organic expansion and through the acquisition of First Central Bank, as well as various expenses directly related to the Company's change in status from a privately held institution to a public company, including legal fees, investor relations expenses, Delaware corporation franchise taxes, SEC and NASDAQ fees, and registrar and transfer agent fees.

Despite the Company's growth trend over the past several years, ongoing efforts to closely manage operational expenses continue to favorably impact the Company's efficiency ratio, which represents noninterest expense (excluding the amortization of intangibles and investments in affordable housing partnerships) divided by the aggregate of net interest income before provision for loan losses and noninterest income (excluding the amortization of intangibles). The Company's efficiency ratio remained at 41% in 2000 and 1999, compared to 47% in 1998.

Provision for Income Taxes

The provision for income taxes increased 8% to \$14.6 million during 2000, compared with \$13.6 million in 1999. This is primarily due to higher pretax income partially offset by tax credits from qualified affordable housing investments and state tax benefits achieved through the formation and funding of East West Securities Company, Inc., a regulated investment company, in July 2000. Tax credits from qualified affordable housing investments utilized during 2000 totaled \$3.9 million, compared to \$3.2 million for 1999. The 2000 provision reflects an effective tax rate of 29.2%, compared with 32.7% for 1999.

Comparing 1999 to 1998, the provision for income taxes increased 41% to \$13.6 million, compared to \$9.7 million for 1998. The 1998 provision reflects an effective tax rate of 34.9% and tax credits from affordable housing investments of \$1.7 million.

Balance Sheet Analysis

The Company's total assets increased \$333.3 million, or 15%, to \$2.49 billion, as of December 31, 2000, primarily due to loan growth. The increase in total assets was funded by increases of \$448.0 million in deposits, \$37.4 million in short-term borrowings and \$20.8 million in junior subordinated debt securities, partially offset by decreases in FHLB advances of \$214.0 million.

Investment Securities Held for Trading

Investment securities held for trading are investment grade securities which are generally held by the Bank for a period of seven days or less. Net losses from trading securities totaled \$16 thousand during 2000 compared with net gains of \$1.9 million during 1999.

Investment Securities Available for Sale

Income from investing activities provides a significant portion of the Bank's total income. Management generally maintains an investment portfolio with an adequate mix of fixed rate and adjustable rate securities with relatively short maturities to minimize overall interest rate risk. The Bank has a substantial investment in residential mortgage-backed securities, consisting of pass-through certificates issued by GNMA, FHLMC, FNMA and private issuers. As of December 31, 2000, the carrying value of mortgage-backed securities totaled \$384.7 million, or

15% of total assets. At December 31, 2000, the Bank held \$695 thousand, \$125.2 million, \$220.7 million, and \$38.1 million of mortgage-backed securities issued by GNMA, FHLMC, FNMA and private issuers, respectively. Mortgage-backed securities with a total carrying value of \$221.2 million, or 51% of the total portfolio, had adjustable interest rates at December 31, 2000. At December 31, 2000, \$139.9 million of mortgage-backed securities were pledged as collateral for public funds.

The following table sets forth the carrying values of investment securities available for sale at December 31, 2000 and 1999:

(In thousands)	At December 31,	
	2000	1999
U.S. Treasury securities	\$ 8,429	\$ 975
U.S. Government agency securities	67,382	68,871
Mortgage-backed securities	384,678	426,378
Obligations of states and political subdivisions	201	202
Corporate securities	27,600	--
Total investment securities available for sale	\$488,290	\$496,426

Total investment securities available for sale decreased 2% to \$488.3 million as of December 31, 2000. Total repayments and proceeds from sales of available for sale securities amounted to \$80.9 million and \$61.1 million, respectively, during 2000. Proceeds from repayments and sales were applied toward additional investment securities purchases, repayments of FHLB advances, and funding a portion of loan originations and loan purchases made during 2000. The Bank recorded net gains

totaling \$123 thousand and \$685 thousand on sales of available for sale securities during 2000 and 1999, respectively.

The following table sets forth certain information regarding the carrying values, weighted average yields, and contractual maturity distribution, excluding periodic principal payments, of the Bank's investment securities available for sale portfolio at December 31, 2000:

	Within One Year		After One Year but within Five Years		After Five Years but within Ten Years		After Ten Years		Total	
(Dollars in thousands)	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
U.S. Treasury	\$301	5.88%	\$ 8,128	6.42%	\$ --	-- %	\$ --	-- %	\$ 8,429	6.40%
U.S. Government agency	--	--	10,930	5.77	--	--	56,452	6.55	67,382	6.42
Mortgage-backed securities	--	--	--	--	60,676	6.19	324,002	6.77	384,678	6.68
Obligations of states and political subdivisions	201	4.71	--	--	--	--	--	--	201	4.71
Corporate securities	--	--	--	--	--	--	27,600	8.13	27,600	8.13
Total	\$ 502	5.41	\$19,058	6.05	\$60,676	6.19	\$408,054	6.83	\$488,290	6.72

Loans

The Bank offers a broad range of products designed to meet the credit needs of its borrowers. The Bank's lending activities consist of residential mortgage loans, multifamily residential real estate loans, commercial real estate loans, construction loans, commercial business and trade finance loans, and consumer loans. Net loans receivable increased 20% to \$1.79 billion at December 31, 2000. Excluding the \$105.2 million of net loans acquired from American International Bank, organic loan growth during 2000 was 13%. The increase in loans was funded primarily through deposit growth and through repayments and sales of investment securities available for sale.

The Bank experienced moderate loan demand throughout 2000. The growth in loans, excluding loans acquired from American International Bank, is comprised of increases in single family loans of \$56.4 million or 20%, multifamily loans of \$12.3 million or 4%, commercial real estate loans of \$42.3 million or 8%, commercial business loans, including trade finance products, of \$82.3 million or 33%, and consumer loans, including home equity lines of credit, of \$16.3 million or 68%. Partially offsetting the growth in these loan categories was a decrease in construction loans of \$11.5 million or 10%, primarily as a result of the Bank's increased loan participation activity during 2000.

The following table sets forth the composition of the loan portfolio at the end of each of the past five years:

	December 31,									
	2000		1999		1998		1997		1996	
(Dollars in thousands)	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Real estate loans:										
Residential, one to four units	\$ 334,775	18.5%	\$ 278,161	18.4%	\$ 270,444	24.2%	\$356,478	37.5%	\$425,270	48.7%
Residential, multifamily	323,469	17.8	311,193	20.6	167,545	15.0	144,147	15.2	141,649	16.2
Commercial and industrial real estate	640,713	35.3	518,074	34.4	358,850	32.0	269,028	28.3	214,599	24.5
Construction	118,241	6.5	122,363	8.1	78,922	7.0	27,020	2.8	11,607	1.3
Total real estate loans	1,417,198	78.1	1,229,791	81.5	875,761	78.2	796,673	83.8	793,125	90.7
Other loans:										
Business, commercial	350,282	19.3	248,865	16.5	223,318	20.0	138,408	14.6	71,672	8.2
Automobile	6,409	0.4	5,284	0.4	4,972	0.4	5,259	0.6	3,877	0.4
Other consumer	40,547	2.2	23,834	1.6	15,156	1.4	9,137	1.0	5,953	0.7
Total other loans	397,238	21.9	277,983	18.5	243,446	21.8	152,804	16.2	81,502	9.3
Total gross loans	1,814,436	100.0%	1,507,774	100.0%	1,119,207	100.0%	949,477	100.0%	874,627	100.0%
Unearned fees, premiums and discounts, net	(600)		(289)		(2,122)		(2,354)		(1,903)	
Allowance for loan losses	(23,848)		(20,844)		(16,506)		(12,273)		(10,084)	
Loans receivable, net	\$1,789,988		\$1,486,641		\$1,100,579		\$934,850		\$862,640	

Residential Mortgage Loans. The Company offers first mortgage loans secured by one-to-four unit residential properties located in the Bank's primary lending area. At December 31, 2000, \$334.8 million or 19% of the loan portfolio was secured by one-to-four family residential real estate mortgages, compared to \$278.2 million or 18% at December 31, 1999. During 2000, the Bank's secondary marketing activities were significantly curtailed due, in part, to the Bank's introduction of new portfolio products, and also as a response to the rising interest rate environment which favored the origination of adjustable rate loans over fixed rate loans. Prior to 2000, as part of the Bank's lending strategy, substantially all new fixed-rate single family residential loans were sold into the secondary market. In a declining interest rate environment, the Bank anticipates an escalation in its secondary marketing activities.

Multifamily and Commercial Real Estate Loans. The Bank continues to place emphasis in the origination of multifamily and commercial real estate loans. 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. Multifamily and commercial real estate loans accounted for \$323.5 million or 18% and \$640.7 million or 35%, respectively, of the Bank's loan portfolio at December 31, 2000. At year-end 1999, multifamily and commercial real estate loans amounted to \$311.2 million or 21% and \$518.1 million or 34%, respectively.

Construction Loans. The Bank offers loans to finance the construction of income-producing or owner-occupied buildings. The Bank limits its exposure in construction loans to no more than 25% of total loans. At December 31, 2000, construction loans accounted for \$118.2 million or 7% of the Bank's loan portfolio. This compares with \$122.4 million or 8% of the loan portfolio at December 31, 1999.

Commercial Business Loans. The Bank finances small and middle-market businesses in a wide spectrum of industries throughout California. The Bank offers commercial loans for working capital, accounts receivable and inventory lines. At December 31, 2000, commercial business loans accounted for \$236.1 million or 13% of the Bank's loan portfolio compared to \$145.0 million or 10% at December 31, 1999.

Trade Finance. The Bank offers a variety of international finance and 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. Total fee income generated from trade finance activities has grown significantly from \$26 thousand in 1994 to \$2.1 million in 2000. A substantial portion of this business involves California-based customers engaged in import activities.

At December 31, 2000, loans to finance international trade totaled \$114.2 million or 6% of the Bank's loan portfolio. Of this amount, almost all loans were made to borrowers on the import side of international trade. At December 31, 1999, such loans amounted to \$103.9 million or 7% of the Bank's loan portfolio. These financings are generally made through letters of credit ranging from \$100 thousand to \$1 million. All trade finance transactions are U.S. dollar denominated.

Affordable Housing. The Bank is engaged in a variety of lending and credit enhancement programs to finance the development of affordable housing projects, which generally are eligible for federal low income housing tax credits. As of December 31, 2000, the Bank had outstanding \$162.6 million of letters of credit, which were issued to enhance the ratings of revenue bonds used to finance affordable housing projects. This compares to \$131.7 million as of year-end 1999. Credit facilities for individual projects generally range in size from \$1 million to \$10 million.

The following table presents the maturity schedule of the Bank's loan portfolio at December 31, 2000. All loans are shown maturing based upon contractual maturities, and include scheduled repayments but not potential prepayments. Demand loans, loans having no stated schedule of repayments and no stated maturity, and overdrafts are reported as due

within one year. Loan balances have not been reduced for undisbursed loan proceeds, unearned discounts, and the allowance for loan losses. Nonaccrual loans of \$3.7 million are included in the within one year category.

(In thousands)	Within One Year	After One but within Five Years	More than Five Years	Total
Residential, one to four units	\$ 10,021	\$ 35,063	\$289,691	\$ 334,775
Residential, multifamily	12,337	79,522	231,610	323,469
Commercial and industrial real estate	85,838	386,867	168,008	640,713
Construction	81,963	35,980	298	118,241
Business, commercial	223,717	79,477	47,088	350,282
Other consumer	11,189	6,194	29,573	46,956
Total	\$425,065	\$623,103	\$766,268	\$1,814,436

As of December 31, 2000, excluding nonaccrual loans, outstanding loans scheduled to be repriced within one year, after one but within five years, and in more than five years, are as follows:

(In thousands)	Within One Year	After One but within Five Years	More than Five Years	Total
Total fixed rate	\$ 122,073	\$224,839	\$36,143	\$ 383,055
Total variable rate	1,332,781	98,504	96	1,431,381
Total	\$1,454,854	\$323,343	\$36,239	\$1,814,436

Nonperforming Assets

Loans are continually monitored by management and the Board of Directors. The Bank's policy is to place a loan on nonaccrual status if either (i) principal or interest payments are past due in excess of 90 days; or (ii) 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 collectibility of the account. Nonaccrual loans totaled \$3.7 million at December 31, 2000, compared to \$10.9 million at year-end 1999. Nonaccrual loans as a percentage of total loans outstanding were 0.20% and 0.73% at December 31, 2000 and 1999, respectively. During 2000, loans totaling \$2.8 million were placed on nonaccrual status. These additions to nonaccrual loans were offset by \$4.3 million in payoffs, \$4.3 million in gross chargeoffs, \$650 thousand in loans brought current, and two loans totaling \$767 thousand that were transferred to other real estate owned. Loans placed on nonaccrual loans during 2000 were comprised of \$420 thousand in residential single family loans, \$1.5 million in commercial real estate loans, \$824 thousand in commercial business loans, and \$54 thousand in consumer home equity loans.

Restructured loans or loans that have had their original terms modified totaled \$3.0 million at December 31, 2000, compared with \$4.7 million

at year-end 1999. The net decrease in restructured loans is due to the transfer of one commercial real estate loan totaling \$1.2 million to nonaccrual status and \$600 thousand in payments received during 2000, partially offset by the addition of two commercial loans totaling \$114 thousand.

Other real estate owned ("OREO") includes properties acquired through foreclosure or through full or partial satisfaction of loans. The difference between the fair value of the real estate or other collateral, less the estimated costs of disposal, and the loan balance at the time of transfer to OREO is reflected in the allowance for loan losses as a charge-off. Any subsequent declines in fair value of the OREO after the date of transfer are recorded through a provision for writedowns on OREO. Routine holding costs, net of any income and gains and losses on disposal, are reported as noninterest expense. Other real estate owned totaled \$801 thousand and \$577 thousand at December 31, 2000 and 1999, respectively. During 2000, additions to OREO totaling \$1.1 million were comprised of a parcel of commercial land acquired from American International Bank and four single family residential properties. The Bank sold five properties with a combined book value of \$849 thousand during 2000. Net gains amounting to \$213 thousand were recognized on these OREO sales. The Bank is actively marketing the remaining properties.

The following table sets forth information regarding nonaccrual loans, restructured loans and other real estate owned as of the dates indicated:

	December 31,				
(Dollars in thousands)	2000	1999	1998	1997	1996
Nonaccrual loans	\$3,652	\$10,933	\$ 9,762	\$ 8,490	\$11,613
Loans past due 90 days or more but not on nonaccrual	--	--	129	2,403	206
Total nonperforming loans	3,652	10,933	9,891	10,893	11,819
Restructured loans	2,972	4,700	5,936	7,487	5,485
Other real estate owned, net	801	577	4,600	3,217	3,491
Total nonperforming assets	\$7,425	\$16,210	\$20,427	\$21,597	\$20,795
Total nonperforming assets to total assets	0.30%	0.75%	0.99%	1.25%	1.28%
Allowance for loan losses to nonperforming loans	653.01	190.65	166.88	112.67	85.32
Nonperforming loans to total gross loans	0.20	0.73	0.88	1.15	1.35

At December 31, 2000 and 1999, the Bank had classified \$12.4 million and \$20.9 million, respectively, of its loans as impaired, with specific reserves of \$1.3 million for both periods. The Bank's average recorded investment in impaired loans at December 31, 2000 and 1999 was \$12.9 million and \$21.4 million, respectively. During 2000 and 1999, gross interest income that would have been recorded on impaired loans, had they performed in accordance with their original terms, totaled \$1.5 million and \$2.0 million, respectively. Of this amount, actual interest recognized on impaired loans, on a cash basis, was \$1.1 million and \$1.6 million, respectively.

Allowance for Loan Losses

The allowance for loan losses is increased by the provision for loan losses which is charged against current period operating results, and is decreased by the amount of net chargeoffs during the period. While management believes that the allowance for loan losses is adequate at December 31, 2000, future additions to the allowance will be subject to continuing evaluation of estimated and known, as well as inherent, risks in the loan portfolio. At December 31, 2000, the allowance for loan losses amounted to \$23.8 million, or 1.31% of total loans, compared with \$20.8 million, or 1.38% of total loans, at December 31, 1999. The \$3.0 million increase in the allowance for loan losses at December 31, 2000 is primarily due to \$2.3 million in allowance for loan losses acquired from American International Bank. The remaining \$700 thousand increase in the allowance during 2000 is comprised of \$4.4 million in additional loss provisions less \$3.7 million in net chargeoffs recorded during the period.

The following table summarizes activity in the allowance for loan losses for the periods indicated:

	At or for the Year Ended December 31,				
(In thousands)	2000	1999	1998	1997	1996
Allowance balance, beginning of year	\$ 20,844	\$ 16,506	\$ 12,273	\$ 10,084	\$ 8,735
Allowance from acquisition	2,256	1,150	--	--	--
Provision for loan losses	4,400	5,439	5,356	5,588	4,398
Actual charge-offs:					
1-4 family residential real estate	46	26	196	469	530
Multifamily real estate	--	44	588	1,595	1,919
Commercial and industrial real estate	3	--	60	1,079	985
Business, commercial	4,511	2,786	1,689	986	92
Automobile	32	19	130	5	28
Other	--	2	3	2	17
Total charge-offs	4,592	2,877	2,666	4,136	3,571
Recoveries:					
1-4 family residential real estate	227	17	172	12	49
Multifamily real estate	9	207	1	275	174
Commercial and industrial real estate	7	29	845	385	284
Business, commercial	660	358	480	41	3
Automobile	34	14	45	19	9
Other	3	1	--	5	3
Total recoveries	940	626	1,543	737	522
Net charge-offs	3,652	2,251	1,123	3,399	3,049
Allowance balance, end of year	\$ 23,848	\$ 20,844	\$ 16,506	\$ 12,273	\$ 10,084
Average loans outstanding	\$1,670,981	\$1,306,306	\$1,004,477	\$915,202	\$819,868
Total loans outstanding, end of year	\$1,814,436	\$1,507,774	\$1,119,207	\$949,477	\$874,627
Net charge-offs to average loans	0.22%	0.17%	0.11 %	0.37 %	0.37%
Allowance for loan losses to total gross loans at end of year	1.31	1.38	1.47	1.29	1.15

Net chargeoffs totaled \$3.7 million, or 0.22% of average loans outstanding, during 2000. This compares to net chargeoffs of \$2.3 million, or 0.17% of average loans outstanding, during 1999. The Bank continues to record loan loss provisions to compensate for both the continued growth of the Bank's loan portfolio, which grew 20% in 2000 and 35% in 1999, and the changing composition of the overall loan

portfolio, reflecting a shift towards commercial real estate and commercial business loans. At December 31, 2000, the combined volume of commercial real estate and commercial business loans represented approximately 55% of the total loan portfolio, compared to 51% at December 31, 1999.

The following table reflects management's allocation of the allowance for loan losses by loan category and the ratio of each loan category to total loans as of the dates indicated:

	At December 31,									
	2000		1999		1998		1997		1996	
(Dollars in thousands)	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1-4 family residential real estate	\$ 142	18.5%	\$ 345	18.4%	\$ 500	24.2%	\$ 894	37.5%	\$ 996	48.7%
Multifamily real estate	1,768	17.8	2,735	20.6	2,435	15.0	3,022	15.2	3,445	16.2
Commercial and industrial real estate	4,472	35.3	3,110	34.4	1,373	32.0	1,059	28.3	2,044	24.5
Construction	2,370	6.5	2,597	8.1	2,339	7.0	404	2.8	66	1.3
Business, commercial	10,461	19.3	9,244	16.5	7,679	20.0	5,249	14.6	1,357	8.2
Automobile	23	0.4	30	0.4	45	0.4	33	0.6	27	0.4
Consumer and other	21	2.2	9	1.6	22	1.4	32	1.0	23	0.7
Other risks	4,591		2,774		2,113		1,580		2,126	
Total	\$23,848	100.0%	\$20,844	100.0%	\$16,506	100.0%	\$12,273	100.0%	\$10,084	100.0%

Despite a 20% increase in the volume of single family loans at December 31, 2000 from year-end 1999 levels, allocated reserves on single family loans decreased \$203 thousand, or 59%, to \$142 thousand. This is directly correlated to a 50% decrease in the loss factor for single family loans that are not classified (i.e. rated "pass"). The loss factor for pass single family loans as of December 31, 2000 was 3 basis points compared to 6 points at December 31, 1999. At December 31, 2000, approximately 99% of the loans within this category were rated "pass."

Allocated reserves on multifamily loans decreased \$967 thousand, or 35%, to \$1.8 million as of December 31, 2000 despite a 4% increase in the volume of loans within this category since December 31, 1999. This is primarily due to a 22% and 62% decline in the loss factors for multifamily loans that are rated "pass" and "special mention," respectively. The loss factors for pass and special mention multifamily loans as of December 31, 2000 were 25 basis points and 5.0%, respectively, compared to 32 basis points and 13.2%, respectively, at December 31, 1999. At December 31, 2000, over 98% of the loans within this category were rated "pass" while approximately 1% were rated "special mention."

Allocated reserves on commercial real estate loans increased \$1.4 million, or 44%, to \$4.5 million as of December 31, 2000 primarily due to a 24% increase in the volume of loans in this loan category since year-end 1999. Further contributing to the increase in allocated reserves on commercial real estate loans is an increase in the volume of special mention loans to \$8.9 million at December 31, 2000, from \$3.2 million at December 31, 1999.

Allocated reserves on construction loans decreased \$227 thousand, or 9%, to \$2.4 million at December 31, 2000 primarily due to the absence of classified loans (i.e. rated "substandard" or "doubtful") at December 31, 2000, compared to \$4.0 million at December 31, 1999. Substandard construction loans are subject to a minimum loss rate of 20.0%. This was partially offset by a \$7.2 million increase in special mention loans at December 31, 2000, relative to year-end 1999 levels, which are subject to a minimum loss rate of 5.0%.

Allocated reserves on commercial business loans increased \$1.2 million, or 13%, to \$10.5 million at December 31, 2000 for two reasons: (1) a 41% increase in loan volume since year-end 1999 and (2) a 60% increase in

special mention loans to \$41.3 million at December 31, 2000, partially offset by a 44% decrease in substandard loans to \$9.2 million, relative to year-end 1999 levels.

The allowance for loan losses of \$23.8 million at December 31, 2000 exceeded the Bank's allocated allowance by \$4.6 million, or 19% of the total allowance. This compares to an unallocated allowance of \$2.8 million, or 13%, as of December 31, 1999. The \$4.6 million unallocated allowance at December 31, 2000 is essentially comprised of three elements. First, the Bank has set aside \$1.9 million, or approximately 10% of the allocated allowance amount of \$19.3 million at December 31, 2000, to compensate for the estimation risk associated with the classification migration and individual loan review analysis methodologies. The second element, which accounts for approximately \$1.4 million of the unallocated allowance, has been established for the foreign transaction risk associated with credit lines totaling \$86.5 million extended to financial institutions in foreign countries. Loss factors, ranging from 0.5% to 5.0% of the total credit facility, have been assigned to absorb the loss exposure on this type of credit offering. These loss factors are internally determined based on the sovereign risk ratings of the various countries which generally range from BBB to AA. The third and final element, which accounts for approximately \$965 thousand of the unallocated allowance, represents a 5% economic risk factor to compensate for the recent slowing of the national economy, as evidenced by tightening local job markets, rising energy costs, eroding consumer confidence, and substantial shortfalls in sales and earnings. Management of the Bank has deemed it prudent to set aside a portion of the unallocated allowance to compensate for this current economic risk.

Deposits

The Bank offers a wide variety of retail deposit account products to both consumer and commercial deposit customers. Time deposits, consisting primarily of retail fixed-rate certificates of deposit, comprised 67% of the deposit portfolio at December 31, 2000 and 1999. Non-time deposits, which include noninterest bearing demand accounts, interest-bearing checking accounts, savings deposits and money market accounts,

accounted for the remaining 33% of the deposit portfolio at December 31, 2000 and 1999.

Deposits increased \$448.0 million, or 30%, to \$1.95 billion at December 31, 2000. The increase in deposits reflects \$170.8 million in deposits acquired from American International Bank in January 2000. Excluding this transaction, internal deposit growth amounted to \$277.3 million, or 19%, over December 31, 1999. This internal deposit growth was primarily due to a 22% increase in time deposits of \$216.1 million, resulting from the growth in brokered deposits and various promotions associated with the Chinese New Year holiday. Although the Company occasionally promotes certain time deposit products, its efforts are largely concentrated in increasing the volume of low-cost transaction accounts which generate higher fee income and are a less costly source of funds in comparison to time deposits. Excluding deposits acquired from American International Bank, noninterest-bearing demand deposits increased \$30.5 million, or 24%, checking accounts increased \$9.0 million, or 10%, and money market accounts increased \$27.9 million, or 40%, primarily due to new and existing commercial account relationships.

Included in time deposits at December 31, 2000 are \$154.5 million of brokered deposits, compared with \$82.7 million as of December 31, 1999. The increase of \$71.8 million essentially reflects the continued replacement of Federal Home Loan Bank advances with brokered deposits as an alternate source of funding. The transition to brokered deposits as an alternate source of funding has enabled the Bank to release some investment securities which were previously pledged as collateral against FHLB advances.

Public deposits increased 10% to \$122.3 million as of December 31, 2000, compared with \$119.8 million at year-end 1999. The balance of public funds at December 31, 2000 is comprised almost entirely of

deposits from the State of California. Notwithstanding the increases in brokered and public deposits during 2000, the Bank's principal market strategy continues to be based on its reputation as a community bank that provides quality products and personal customer service.

Time deposits greater than \$100 thousand totaled \$741.1 million, accounting for 38% of the deposit portfolio at December 31, 2000. These accounts, consisting primarily of deposits by consumers and public funds, had a weighted average interest rate of 6.16% at December 31, 2000. The following table provides the remaining maturities at December 31, 2000 of time deposits greater than \$100 thousand (in thousands):

3 months or less	\$284,437
Over 3 months through 6 months	267,741
Over 6 months through 12 months	136,796
Over 12 months	52,170
Total	\$741,144

Borrowings

The Bank regularly uses short-term borrowings and FHLB advances to manage its liquidity position. Short-term borrowings, which consist of federal funds purchased and securities sold under agreements to repurchase increased to \$38.0 million at December 31, 2000, compared to \$600 thousand at December 31, 1999. At December 31, 2000 and 1999, the balance of short-term borrowings consisted entirely of federal funds purchased. The increase in federal funds purchased during 2000 was primarily due to partial repayments of FHLB advances.

The following table provides information on securities sold under agreements to repurchase for the past three years:

(Dollars in thousands)	As of and for the Year Ended December 31,		
	2000	1999	1998
Average balance outstanding during the year	\$ --	\$ 9,159	\$118,588
Maximum amount outstanding at any month-end during the year	\$ --	\$33,000	\$191,635
Weighted average interest rate during the year	--%	5.05%	5.62%
Total short-term borrowings at end of year	\$ --	\$ --	\$ 33,000
Weighted average interest rate at end of year	--%	--%	5.75%

FHLB advances decreased 44% to \$268.0 million at December 31, 2000, compared to \$482.0 million at December 31, 1999. The decrease in FHLB advances is directly correlated to the growth in brokered deposits and short-term borrowings as alternate sources of funding. Cash acquired from American International Bank and runoffs on investment securities available for sale also contributed to the decrease in FHLB advances during 2000. At December 31, 2000 and 1999, FHLB advances had a weighted average interest rate of 6.49% and 5.87%, respectively. Only \$24.0 million, or 9% of outstanding FHLB advances at December 31, 2000, had remaining maturities greater than one year.

Capital Resources

The primary source of capital for the Company is the retention of net after tax earnings. At December 31, 2000, stockholders' equity totaled \$186.1 million, an increase of 24% from \$150.1 million as of December 31, 1999. The increase is due primarily to: (1) net income of \$35.5 million during 2000; (2) net issuance of common stock totaling \$4.4 million from the exercise of stock options and stock warrants; (3) net issuance of common stock totaling \$496 thousand in connection with the Company's Employee Stock Purchase Program; (4) stock compensation

costs amounting to \$421 thousand related to the Company's Restricted Stock Award Program; (5) net issuance of common stock totaling \$869 thousand in connection with the acquisition of Risk Services, Inc.; and (6) a decrease of \$5.5 million in unrealized losses on available-for-sale securities. These transactions were offset by (1) repurchases of \$8.4 million or 361,878 shares of common stock in connection with the Company's stock repurchase programs; and to a much lesser degree, from forfeitures of restricted stock awards and (2) payment of quarterly 2000 cash dividends totaling \$2.7 million.

Management is committed to maintaining capital at a level sufficient to

assure shareholders, customers and regulators that the Company and its bank subsidiary are financially sound. The Company and its bank subsidiary are subject to risk-based capital regulations adopted by the federal banking regulators in January 1990. 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 the regulations, institutions whose Tier 1 and total capital ratios meet or exceed 6% and 10%, respectively, are deemed to be "well-capitalized." At December 31, 2000, the Company's Tier 1 and total capital ratios were 9.6% and 10.9%, respectively, compared to 9.3% and 10.6%, respectively, at December 31, 1999.

The following table compares the Company's and the Bank's actual capital ratios at December 31, 2000, to those required by regulatory agencies for capital adequacy and well-capitalized classification purposes:

	East West Bancorp	East West Bank	Minimum Regulatory Requirements	Well Capitalized Requirements
Total Capital (to Risk-Weighted Assets)	10.9%	10.7%	8.0%	10.0%
Tier 1 Capital (to Risk-Weighted Assets)	9.6	9.5	4.0	6.0
Tier 1 Capital (to Average Assets)	7.7	7.9	4.0	5.0

During the first quarter of 2000, the Company filed a \$50 million universal shelf registration statement with the Securities and Exchange Commission. Pursuant to this filing, the Company may offer new common stock, trust preferred, preferred stock and/or other debentures to augment its capital resources. The timing and amount of offerings will depend on market and general business conditions. The Company intends to utilize the net proceeds from the sale of securities for general business purposes, which include supporting the growth of its commercial banking activities and possible future acquisitions. Additionally, the Company has issued a total of \$20.8 million of junior subordinated deferrable interest debentures in two separate private placement transactions. These securities qualify as Tier 1 capital for regulatory reporting purposes.

On July 13, 2000, East West Securities Company, Inc. was incorporated under the general laws of the State of Maryland as a closed-end, non-diversified management investment company registered under the Investment Company Act of 1940, as amended. The formation of this entity provides the Bank with the flexibility to raise additional capital in a tax efficient manner for future business opportunities, if desired.

In August 2000, the Securities and Exchange Commission completed an examination of East West Securities Company, Inc. The Company received the Commission's findings in a letter dated September 11, 2000. The Commission staff determined that the Fund should not be eligible to be registered as an investment company due to the failure to meet certain statutory requirements of the Investment Company Act of 1940 and requested that the Fund voluntarily de-register. In its response to the Commission, dated October 11, 2000, the Company stated that it disagrees with certain factual statements and conclusions of law contained in the Commission's findings and sets forth the basis for its belief based on advice of counsel, which was included, that the Fund was formed in

compliance with regulatory requirements. In response, the Commission has issued another letter to the Company, dated December 12, 2000, which is essentially similar to the Commission's initial letter. The Company has declined the Commission's requests to voluntarily de-register the Fund. The Company expects to receive further correspondence from the Commission.

If the Company were to accommodate the commission's request to voluntarily de-register the Fund, the Company would forego the state tax benefits that are currently being realized through the Fund. Further, the Company would forfeit its flexibility to raise additional capital in a tax efficient manner for future business opportunities through the Fund. Management believes, based on the advice of counsel, that the impact of de-registration would be prospective only and not retroactive. The Fund would continue to be a registered investment company under the Investment Company Act of 1940, from the date of registration to the effective date of de-registration.

ASSET LIABILITY AND MARKET RISK MANAGEMENT**Liquidity**

Liquidity management involves the Bank's 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. The Bank's 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.

The Bank's primary sources of liquidity are derived from financing activities which include the acceptance of customer and broker deposits, federal funds facilities, repurchase agreement facilities and advances from the Federal Home Loan Bank of San Francisco. These funding sources are augmented by payments of principal and interest on loans, the routine liquidation of securities from the available-for-sale portfolio and securitizations of eligible loans. 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, 2000 and 1999, the Company experienced net cash inflows of \$22.5 million and \$41.8 million, respectively, from operating activities. The increase in net cash inflows from operating activities for both periods was due primarily to the growth in interest income on loans and investment securities. Net proceeds from sales of loans held for sale also contributed to operating cash inflows during 1999. Net cash outflows from investing activities totaled \$116.7 million and \$233.9 million, respectively, during 2000 and 1999, primarily due to the growth in the Bank's loan portfolio. Financing activities provided net cash inflows of \$113.0 million and \$74.4 million, respectively, during 2000 and 1999, primarily due to deposit growth.

As a means of augmenting its liquidity, the Bank has established federal funds lines with four correspondent banks and several master repurchase agreements with major brokerage companies. At December 31, 2000, the Bank's available borrowing capacity includes approximately \$43.3 million in repurchase arrangements, \$47.0 million in federal funds line facilities, and \$246.0 million in unused FHLB advances. Management believes its liquidity sources to be stable and adequate. At December 31, 2000, management was not aware of any information that was reasonably likely to have a material effect on the Bank's liquidity position.

The liquidity of the parent company, East West Bancorp, Inc. is primarily dependent on the payment of cash dividends by its subsidiary, East West Bank, subject to limitations imposed by the Financial Code of the State of California. During 2000, total dividends paid by the Bank to East West Bancorp, Inc. totaled \$9.6 million, compared with \$17.5 million during 1999. As of December 31, 2000, approximately \$54.4 million of undivided profits of the Bank was available for dividends to the Company.

Interest Rate Sensitivity Management

The Bank's success is largely dependent upon its ability to manage interest rate risk, which is the impact of adverse fluctuations in interest rates on the Bank's net interest income and net portfolio value. Although in the normal course of business the Bank manages other risks, such as credit and liquidity risk, management considers interest rate risk to be its most significant market risk and could potentially have the largest material effect on the Bank's financial condition and results of operations.

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

The Bank's overall goal 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, the Bank simulates the effect of instantaneous interest rate changes on net interest income and net portfolio value on a monthly 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, 2000 and 1999, assuming a parallel shift of 100 to 200 basis points in both directions.

Change in Interest Rates (Basis Points)	Net Interest Income Volatility (1) December 31,		Net Portfolio Value Volatility (2) December 31,	
	2000	1999	2000	1999
+200	7.4 %	2.6 %	(10.7)%	(13.0)%
+100	4.6 %	2.1 %	(5.0)%	(5.3)%
- 100	(4.6) %	(2.7)%	2.1 %	8.5 %
- 200	(9.2) %	(5.9)%	(0.8)%	8.5 %

(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 the 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, 2000 and 1999. At December 31, 2000 and 1999, the Bank's estimated changes in net interest income and net portfolio value were within the ranges established by the Board of Directors.

The primary analytical tool used by the Bank 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 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 Bank product line and takes into account the Bank's increased ability to control rates offered on deposit products in comparison to its ability to control rates on adjustable-rate loans tied to published indices.

The following tables provide the outstanding principal balances and the weighted average interest rates of the Bank's non-derivative financial instruments as of December 31, 2000 and 1999. The Bank does not consider these financial instruments to be materially sensitive to interest rate fluctuations. Historically, the balances of these financial instruments have remained fairly constant over various economic conditions. The information presented below is based on the repricing date for variable rate instruments and the expected maturity date for fixed rate instruments.

	Expected Maturity or Repricing Date by Year							
(Dollars in thousands)	2001	2002	2003	2004	2005	After 2005	Total	Fair value at Dec. 31, 2000
At December 31, 2000:								
ASSETS								
Short-term investments	\$ 4,500	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 4,500	\$ 4,500
Weighted average rate	6.50%	--%	--%	--%	--%	--%	6.50%	
Investment securities available-for-sale (fixed rate)	\$ 45,424	\$ 47,364	\$ 33,865	\$ 25,084	\$ 21,014	\$101,436	\$ 274,187	\$ 267,050
Weighted average rate	6.12%	6.17%	6.11%	6.15%	6.15%	6.19%	6.16%	
Investment securities available-for-sale (variable rate)	\$ 226,109	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 226,109	\$ 221,240
Weighted average rate	7.09%	--%	--%	--%	--%	--%	7.09%	
Total gross loans	\$1,456,774	\$139,424	\$106,963	\$ 48,110	\$ 26,958	\$ 36,206	\$1,814,436	\$1,812,765
Weighted average rate	9.17%	8.18%	8.51%	8.13%	8.31%	8.10%	8.98%	
LIABILITIES:								
Checking accounts	\$ 111,228	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 111,228	\$ 111,228
Weighted average rate	1.39%	--%	--%	--%	--%	--%	1.39%	
Money market accounts	\$ 122,079	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 122,079	\$ 122,079
Weighted average rate	4.19%	--%	--%	--%	--%	--%	4.19%	
Savings deposits	\$ 212,411	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 212,411	\$ 212,411
Weighted average rate	2.05%	--%	--%	--%	--%	--%	2.05%	
Time deposits	\$1,207,805	\$ 53,043	\$ 6,505	\$ 1,737	\$ 2,389	\$ 29,910	\$1,301,388	\$1,299,899
Weighted average rate	5.84%	5.99%	5.94%	5.27%	6.09%	7.00%	5.87%	
Short-term borrowings	\$ 38,000	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 38,000	\$ 38,013
Weighted average rate	6.60%	--%	--%	--%	--%	--%	6.60%	
FHLB advances	\$ 244,000	\$ 10,000	\$ 14,000	\$ --	\$ --	\$ --	\$ 268,000	\$ 268,074
Weighted average rate	6.53%	6.33%	5.94%	--%	--%	--%	6.49%	
Junior subordinated debt securities	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 20,750	\$ 20,750	\$ 22,797
Weighted average rate	--%	--%	-%	--%	--%	10.91%	10.91%	

	Expected Maturity or Repricing Date by Year							
(Dollars in thousands)	2000	2001	2002	2003	2004	After 2004	Total	Fair value at Dec. 31, 1999
At December 31, 1999:								
ASSETS								
Short-term investments	\$ 10,000	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 10,000	\$ 10,000
Weighted average rate	4.00%	--%	--%	--%	--%	--%	4.00%	
Investment securities available-for-sale (fixed rate)	\$ 49,783	\$ 41,527	\$ 35,429	\$ 30,313	\$ 24,322	\$ 110,906	\$ 292,280	\$ 275,783
Weighted average rate	6.13%	6.14%	6.14%	6.14%	6.15%	6.16%	6.15%	
Investment securities available-for-sale (variable rate)	\$ 225,040	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 225,040	\$ 220,643
Weighted average rate	6.43%	--%	--%	--%	--%	--%	6.43%	
Total gross loans	\$1,299,273	\$ 78,110	\$44,223	\$32,686	\$27,286	\$ 26,196	\$1,507,774	\$1,511,241
Weighted average rate	8.42%	8.10%	8.02%	8.16%	8.21%	7.65%	8.37%	
Liabilities:								
Checking accounts	\$ 89,545	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 89,545	\$ 89,545
Weighted average rate	1.22%	--%	--%	--%	--%	--%	1.22%	
Money market accounts	\$ 69,434	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 69,434	\$ 69,434
Weighted average rate	3.38%	--%	--%	--%	--%	--%	3.38%	
Savings deposits	\$ 211,818	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 211,818	\$ 211,818
Weighted average rate	1.85%	--%	--%	--%	--%	--%	1.85%	
Time deposits	\$ 930,167	\$ 36,894	\$ 1,250	\$ 667	\$ 2,202	\$ 30,000	\$1,001,180	\$1,002,176
Weighted average rate	4.70%	5.03%	5.06%	5.09%	5.50%	7.00%	4.79%	
Short-term borrowings	\$ 600	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 600	\$ 600
Weighted average rate	5.75%	--%	--%	--%	--%	--%	5.75%	
FHLB advances	\$ 468,000	\$ --	\$ --	\$14,000	\$ --	\$ --	\$ 482,000	\$ 482,507
Weighted average rate	5.86%	--%	--%	5.94%	--%	--%	5.87%	

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 and changes in pricing for deposits with no stated maturity dates. The Bank utilizes assumptions supported by documented analyses for the expected maturities of its loans and repricing of its deposits. It also relies on third party data providers for prepayment projections for amortizing securities. The actual maturities of these instruments could vary significantly if future prepayments and repricing differ from the Bank's expectations based on historical experience.

The fair values of short-term investments approximate their book values due to their short maturities. The fair values of available for sale securities are based on bid quotations from third party data providers. The fair values of loans are estimated for portfolios with similar financial characteristics and takes into consideration discounted cash flows based on expected maturities or repricing dates utilizing estimated market discount rates as projected by third party data providers.

Transaction deposit accounts, which include checking, money market and savings accounts, are presumed to have equal book and fair values because the interest rates paid on these accounts are based on prevailing market rates. The fair value of time deposits is based upon the discounted

value of contractual cash flows, which is estimated using current rates offered for deposits of similar remaining terms. The fair value of short-term borrowings approximates book value due to their short maturities. The fair value of FHLB 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. The fair value of junior subordinated debt securities is estimated by discounting the cash flows through maturity based on current rates offered on the 30-year Treasury bond.

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. Derivative positions are integral components of the Bank's asset/liability management strategy. Therefore, the Bank does not believe it is meaningful to separately analyze the derivatives components of its risk management activities in isolation from their related positions. The Bank uses derivative instruments, primarily interest rate swap and cap agreements, as part of its management of asset and liability positions in connection with its overall goal of minimizing the impact of interest rate fluctuations on the Bank's net interest margin or its stockholders' equity. These contracts are entered into for purposes of reducing the Bank's interest rate risk and not for trading purposes.

The Bank enters into interest rate swap agreements for the purposes of converting fixed rate commercial real estate loans and certain brokered deposits to floating rate assets and liabilities. Effective November 6, 2000, the Company terminated interest rate swap agreements with a total notional amount of \$28.5 million. These interest rate swaps were previously utilized by the Company as a hedge against fixed rate commercial real estate loans. The termination of these swap agreements was in line with the Company's asset liability strategy and the changing outlook of the Federal Reserve Board towards the future direction of interest rates. An internal analysis performed by the Company indicated that the interest rate swaps had a minimal impact on the Company's net portfolio value even if interest rates had continued to rise. The total loss amount recorded by the Company upon termination of the swap agreements was \$138 thousand. At December 31, 2000 and 1999, the total gross notional amount of interest rate swaps was \$30.0 million and \$58.5 million, respectively. At December 31, 2000, the net unrealized loss on the entire swap agreement portfolio was \$149 thousand compared to a net unrealized loss of \$1.4 million at December 31, 1999.

The Bank has also entered into interest rate cap agreements which are primarily linked to the three-month LIBOR. Prior to October 1, 1999,

the Bank used interest rate caps for purposes of hedging against market fluctuations in the Bank's available-for-sale securities portfolio. Due to the volatility of the correlation between the Treasury yield curve and fixed rate mortgage-backed securities, the Bank ceased using interest rate caps to hedge against fluctuations in the investment securities available for sale portfolio, effective October 1, 1999. The resulting net gain realized from this transaction amounted to \$65 thousand for the three months ended December 31, 1999. The Bank continues to record interest rate caps at their estimated fair values, with resulting gains or losses recorded in current earnings. The unrealized gains and losses reflected in accumulated other comprehensive income (loss) in stockholders' equity as of September 30, 1999 are amortized into interest income or expense over the expected remaining lives of the interest rate cap agreements. The total net realized loss on interest rate caps amounted to \$16 thousand for the year ended December 31, 2000.

The following table summarizes the expected maturities, weighted average pay and receive rates, and the unrealized gains and losses of the Bank's interest rate contracts as of December 31, 2000 and 1999. The fair values reflected in the table are based on quoted market prices from broker dealers making a market for these derivatives.

	Expected Maturity							
(Dollars in thousands)	2001	2002	2003	2004	After 2004	Total	Unrealized Gain (Loss)	Average Expected Maturity
At December 31, 2000:								
Interest rate swap agreements:								
Notional amount	\$ --	\$ --	\$ --	\$ --	\$30,000	\$30,000	\$(149)	8.6 Years
Weighted average receive rate	--%	--%	--%	--%	7.00%	7.00%		
Weighted average pay rate	--%	--%	--%	--%	6.61%	6.61%		
Interest rate cap agreements:								
Notional amount	\$18,000	\$18,000	\$ --	\$ --	\$ --	\$36,000	\$ --	1.1 Years
LIBOR cap rate	6.50%	7.00%	--%	--%	--%	6.75%		

	Expected Maturity							
(Dollars in thousands)	2000	2001	2002	2003	After 2003	Total	Unrealized Gain (Loss)	Average Expected Maturity
At December 31, 1999:								
Interest rate swap agreements:								
Notional amount	\$ --	\$10,000	\$18,500	\$ --	\$30,000	\$58,500	\$(1,408)	6.1 Years
Weighted average receive rate	-- %	5.24%	5.29%	--%	7.00%	6.16%		
Weighted average pay rate	-- %	6.46%	6.45%	--%	6.10%	6.27%		
Interest rate cap agreements:								
Notional amount	\$ --	\$18,000	\$18,000	\$ --	\$ --	\$36,000	\$ --	2.1 Years
LIBOR cap rate	-- %	6.50%	7.00%	--%	--%	6.75%		

Forward-Looking Statements

The preceding discussion and other sections contained in this Annual Report include certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 which involve inherent risks and uncertainties. A number of important factors could cause the Company's actual results and performance in future periods to differ materially from those discussed in such forward-looking statements. These factors include, but are not limited to, the effect of interest rate and currency exchange fluctuations; competition in the financial services market for both deposits and loans; the Company's ability to efficiently incorporate acquisitions into its operations; the ability of the Company to increase its customer base; and regional and general economic conditions. Given these uncertainties, the reader is cautioned not to place undue reliance on such forward-looking statements. The Company expressly disclaims any obligation to update or revise any forward-looking statements contained herein to reflect any changes in the Company's expectations of results or any change in events.

Recent Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board (the "FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 133, *Accounting for Derivative Instruments and Hedging Activities*. SFAS No. 133, as amended by SFAS No. 138, *Accounting for Certain Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133*, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts and hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial condition and measure those instruments at fair value. Gains or losses resulting from changes in the values of those derivatives would be accounted for depending on the use of the derivative and whether it qualifies for hedge accounting. The key criterion for hedge accounting is that the hedging relationship must be highly effective in achieving offsetting changes in fair value or cash flows. Implementation of SFAS No. 133 became effective for the Company on January 1, 2001. The adoption of this standard did not have a material impact on the Company's results of operations or financial position.

In December 1999, the Securities and Exchange Commission (the "Commission") issued Staff Accounting Bulletin ("SAB") No. 101, *Revenue Recognition in Financial Statements*, which summarizes the Commission's views in applying generally accepted accounting principles to revenue recognition in financial statements. Under the provisions of SAB No. 101, if a transaction is within the scope of existing specific authoritative literature that provides revenue recognition guidance, such literature should be applied. SAB No. 101 is intended to provide additional or more consistent guidance only in the absence of authoritative literature addressing a specific arrangement or a specific industry as it relates to revenue recognition. It is the view of the Commission that revenue is generally realized or realizable and earned when all of the following criteria are met: (1) persuasive evidence of an arrangement exists, (2) delivery has occurred or services have been rendered, (3) the

seller's price to the buyer is fixed or determinable, and (4) collectibility is reasonably assured. Management does not believe that the bulletin has a material impact on the Company's results of operations or financial position.

In September 2000, the FASB issued SFAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities—a replacement to FASB Statement No. 125*. SFAS No. 140 revises the standards for accounting for securitizations and other transfers of financial assets and collateral and requires certain disclosures, but carries over most of SFAS 125's provisions without reconsideration. SFAS No. 140 provides accounting and reporting standards for transfers and servicing of financial assets and extinguishments of liabilities. These standards are based on consistent application of a "financial-components approach" that focuses on control. Under this approach, after a transfer of financial assets, an entity recognizes the financial and servicing assets it controls and the liabilities it has incurred, derecognizes financial assets when control has been surrendered, and derecognizes liabilities when extinguished. This Statement also provides consistent standards for distinguishing transfers of financial assets that are sales from transfers that are secured borrowings. SFAS No. 140 is effective for transfers and servicing of financial assets and extinguishments of liabilities occurring after March 31, 2001. This Statement is also effective for recognition and reclassification of collateral and for disclosures relating to securitization transactions and collateral for fiscal years ending after December 15, 2000. Management does not believe that the adoption of this standard will have a material impact on the Company's results of operations or financial position when adopted.

EAST WEST BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 2000	December 31, 1999
(Dollars In thousands, except per share data)		
ASSETS		
Cash and cash equivalents	\$ 63,048	\$ 43,497
Investment securities available for sale, at fair value (with amortized cost of \$500,296 in 2000 and \$517,320 in 1999)	488,290	496,426
Loans receivable, net of allowance for loan losses of \$23,848 in 2000 and \$20,844 in 1999	1,789,988	1,486,641
Investment in Federal Home Loan Bank stock, at cost	14,845	26,954
Other real estate owned	801	577
Investments in affordable housing partnerships	19,676	26,485
Premises and equipment, net	26,630	22,646
Premiums on deposits acquired, net	7,696	3,812
Excess of purchase price over fair value of net assets acquired, net	16,497	6,770
Accrued interest receivable and other assets	47,993	30,503
Deferred tax assets	10,507	8,319
TOTAL	\$2,485,971	\$2,152,630
LIABILITIES AND STOCKHOLDERS' EQUITY		
Customer deposit accounts		
Noninterest-bearing	201,456	128,552
Interest-bearing	1,747,106	1,371,977
Total deposits	1,948,562	1,500,529
Short-term borrowings	38,000	600
Federal Home Loan Bank advances	268,000	482,000
Notes payable	--	1,532
Accrued expenses and other liabilities	22,897	15,861
Junior subordinated debt securities	20,750	--
Total liabilities	2,298,209	2,000,522
FAIR VALUE OF NET ASSETS ACQUIRED IN EXCESS OF PURCHASE PRICE, NET	1,613	2,028
COMMITMENTS AND CONTINGENCIES (Note 14)		
STOCKHOLDERS' EQUITY		
Common stock (par value of \$0.001 per share)		
Authorized -- 50,000,000 shares		
Issued -- 24,508,331 shares and 23,908,731 shares in 2000 and 1999, respectively		
Outstanding -- 22,660,590 shares and 22,422,868 shares in 2000 and 1999, respectively	25	24
Additional paid-in capital	118,039	111,306
Retained earnings	99,764	67,001
Deferred compensation	(1,344)	(863)
Treasury stock, at cost -- 1,847,741 shares and 1,485,863 shares in 2000 and 1999, respectively	(23,060)	(14,659)
Accumulated other comprehensive loss, net of tax	(7,275)	(12,729)
Total stockholders' equity	186,149	150,080
TOTAL	\$2,485,971	\$2,152,630

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

	Year Ended December 31,		
(Dollars in thousands, except per share data)	2000	1999	1998
INTEREST AND DIVIDEND INCOME			
Loans receivable, including fees	\$150,985	\$108,547	\$ 85,806
Investment securities available for sale	32,521	35,451	26,405
Investment securities held for trading	--	109	--
Short-term investments	960	2,381	13,302
Federal Home Loan Bank stock	1,614	1,539	1,195
Total interest and dividend income	186,080	148,027	126,708
INTEREST EXPENSE			
Customer deposit accounts	72,648	49,567	49,499
Short-term borrowings	2,065	1,080	6,767
Federal Home Loan Bank advances	20,503	25,495	14,777
Junior subordinated debt securities	1,377	--	--
Total interest expense	96,593	76,142	71,043
NET INTEREST INCOME BEFORE PROVISION FOR LOAN LOSSES	89,487	71,885	55,665
PROVISION FOR LOAN LOSSES	4,400	5,439	5,356
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	85,087	66,446	50,309
NONINTEREST INCOME			
Loan fees	1,845	2,282	2,389
Branch fees	4,839	3,388	2,579
Letters of credit fees and commissions	4,353	4,111	2,785
Net gain on sales of investment securities available for sale	123	685	1,320
Net gain (loss) on trading securities	(16)	1,904	--
Net gain on sales of investment in affordable housing partnerships	1,279	402	--
Net gain on sale of branch	--	676	--
Amortization of fair value of net assets acquired in excess of purchase price	415	415	415
Other operating income	2,130	830	539
Total noninterest income	14,968	14,693	10,027
NONINTEREST EXPENSE			
Compensation and employee benefits	20,286	18,481	17,281
Net occupancy	7,563	5,649	4,974
Data processing	1,783	1,399	1,245
Amortization of premiums on deposits acquired and excess of purchase price over fair value of net assets acquired	3,318	1,572	1,241
Amortization of investments in affordable housing partnerships	4,081	2,991	1,017
Deposit insurance premiums and regulatory assessments	458	862	825
Other real estate owned operations, net	(174)	(340)	(380)
Other operating expenses	12,645	8,895	6,423
Total noninterest expense	49,960	39,509	32,626
INCOME BEFORE PROVISION FOR INCOME TAXES	50,095	41,630	27,710
PROVISION FOR INCOME TAXES	14,628	13,603	9,682
NET INCOME	\$ 35,467	\$ 28,027	\$ 18,028
BASIC EARNINGS PER SHARE	\$ 1.58	\$ 1.23	\$ 0.76
DILUTED EARNINGS PER SHARE	\$ 1.53	\$ 1.22	\$ 0.76
AVERAGE NUMBER OF SHARES OUTSTANDING - BASIC	22,448	22,757	23,775
AVERAGE NUMBER OF SHARES OUTSTANDING - DILUTED	23,168	22,895	23,775

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(Dollars in thousands)	Common Stock	Additional Paid-In Capital	Retained Earnings	Deferred Compensation	Treasury Stock	Accumulated Other Comprehensive Loss, Net of Tax	Comprehensive Income	Total Stock- holders' Equity
BALANCE, JANUARY 1, 1998	\$24	\$109,976	\$23,690	\$ --	\$ --	\$ (1,138)		\$132,552
Comprehensive income								
Net income for the year			18,028				\$ 18,028	18,028
Net unrealized gain on securities						250	250	250
Comprehensive income							\$ 18,278	
BALANCE, DECEMBER 31, 1998	24	109,976	41,718	--	--	(888)		150,830
Comprehensive income								
Net income for the year			28,027				\$ 28,027	28,027
Net unrealized loss on securities						(11,841)	(11,841)	(11,841)
Comprehensive income							\$ 16,186	
Stock compensation cost				249				249
Issuance of 105,003 shares under Restricted Stock Plan		1,112		(1,112)				--
Issuance of 28,728 shares under Employee Stock Purchase Plan		218						218
Purchase of 1,485,863 shares of treasury stock					(14,659)			(14,659)
Dividends paid on common stock			(2,744)					(2,744)
BALANCE, DECEMBER 31, 1999	24	111,306	67,001	(863)	(14,659)	(12,729)		150,080
Comprehensive income								
Net income for the year			35,467				\$ 35,467	35,467
Net unrealized gain on securities						5,454	5,454	5,454
Comprehensive income							\$ 40,921	
Stock compensation cost		16		405				421
Tax benefit from option exercise		55						55
Issuance of 16,444 shares under Stock Option Plan		164						164
Issuance of 1,500 shares under Restricted Stock Plan		18		(18)				--
Issuance of 53,584 shares under Employee Stock Purchase Plan		496						496
Issuance of 424,781 shares under Stock Warrants Plan	1	4,247						4,248
Issuance of 103,291 shares for acquisition of Risk Services, Inc.		1,737		(868)				869
Purchase of 361,878 shares of treasury stock					(8,401)			(8,401)
Dividends paid on common stock			(2,704)					(2,704)
BALANCE, DECEMBER 31, 2000	\$25	\$118,039	\$99,764	\$ (1,344)	\$(23,060)	\$ (7,275)		\$186,149

	Year Ended December 31,		
(In thousands)	2000	1999	1998
Disclosure of reclassification amount:			
Unrealized holding gain (loss) arising during period, net of tax expense (benefit) of \$3,685 in 2000, \$(7,620) in 1999 and \$595 in 1998	\$5,528	\$(11,430)	\$1,109
Less: Reclassification adjustment for gain included in net income, net of tax expense of \$49 in 2000, \$274 in 1999 and \$461 in 1998	(74)	(411)	(859)
Net unrealized gain (loss) on securities, net of tax expense (benefit) of \$3,636 in 2000, \$(7,894) in 1999 and \$134 in 1998	\$5,454	\$(11,841)	\$250

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended Decmeber 31,		
(In thousands)	2000	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 35,467	\$ 28,027	\$ 18,028
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	8,751	4,139	4,539
Net loan fees deferred	1,777	2,246	2,377
Stock compensation costs	421	249	--
Deferred tax benefit	(794)	(2,477)	(1,690)
Provision for loan losses	4,400	5,439	5,356
Provision for other real estate owned losses	--	169	341
Net gain on sales of investment securities and other assets	(1,353)	(2,925)	(2,685)
Net (gain) loss on trading securities	16	(1,904)	--
Federal Home Loan Bank stock dividends	(1,727)	(1,608)	(921)
Proceeds from sale of trading securities	--	117,366	--
Purchases of trading securities	--	(115,527)	--
Proceeds from sale of loans held for sale	12,384	46,225	92,729
Originations of loans held for sale	(12,565)	(37,341)	(91,987)
Increase in accrued interest receivable and other assets, net of effects from purchases of First Central Bank and American International Bank	(14,054)	(2,379)	(14,373)
Increase (decrease) in accrued expenses and other liabilities, net of effects from purchases of First Central Bank and American International Bank	(9,530)	2,115	3,410
Total adjustments	(12,274)	13,787	(2,904)
Net cash provided by operating activities	23,193	41,814	15,124
CASH FLOWS FROM INVESTING ACTIVITIES			
Net change in loans	(7,543)	(190,959)	(169,644)
Purchases of:			
Investment securities available for sale	(46,194)	(420,587)	(883,989)
Loans receivable	(196,185)	(208,171)	(41,230)
Federal Home Loan Bank stock	(508)	(1,809)	(18,072)
Investments in affordable housing partnerships	(5,544)	(10,707)	(3,411)
Premises and equipment	(3,617)	(1,476)	(1,389)
Proceeds from sale of:			
Investment securities available for sale	61,052	177,758	279,504
Other real estate owned	1,062	5,278	1,695
Investments in affordable housing partnerships	9,551	3,267	-
Premises and equipment	1	4	13
Repayments, maturity and redemption of investment securities available for sale	80,891	409,499	332,678
Redemption of Federal Home Loan Bank stock	15,211	9,337	--
Repayments on foreclosed properties	38	250	--
Investment in nonbank entity	(250)	(250)	--
Payment for purchase of First Central Bank, net of cash received	--	(5,295)	--
Payment for purchase of American International Bank, net of cash received	(25,174)	--	--
Net cash acquired from acquisition of Risk Services, Inc.	549	--	--
Net cash used in investing activities	(116,660)	(233,861)	(503,845)

(continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Year Ended December 31,		
(In thousands)	2000	1999	1998
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net change in deposits	\$ 277,269	\$ 190,523	\$ 57,865
Proceeds from sale of deposits	--	17,795	--
Net increase (decrease) in short-term borrowings	37,400	(32,400)	(106,000)
Proceeds from Federal Home Loan Bank advances	16,711,300	19,810,100	4,150,821
Repayment of Federal Home Loan Bank advances	(16,925,300)	(19,891,100)	(3,798,820)
Proceeds from issuance of junior subordinated debt securities	20,750	--	--
Payment of debt issue cost	(672)	--	--
Repayment of notes payable on affordable housing investments	(1,532)	(3,320)	(1,615)
Proceeds from common stock options exercised	164	--	--
Proceeds from stock warrants exercised	4,248	--	--
Proceeds from stock purchase plan	496	218	--
Repurchases of common stock	(8,401)	(14,659)	--
Dividends paid on common stock	(2,704)	(2,744)	--
Net cash provided by financing activities	113,018	74,413	302,251
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	19,551	(117,634)	(186,470)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	43,497	161,131	347,601
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 63,048	\$ 43,497	\$ 161,131
SUPPLEMENTAL CASH FLOW INFORMATION			
Interest paid	\$ 93,840	\$ 76,624	\$ 70,565
Income tax payments, net	14,246	17,350	10,225
Noncash investing and financing activities:			
Other real estate acquired through foreclosure	1,112	4,080	4,706
Loans made to facilitate sales of other real estate owned	--	2,945	1,488
Investment in affordable housing partnerships acquired through notes payable	--	3,033	1,820
Issuance of common stock in connection with the acquisition of Risk Services, Inc., net of deferred compensation	869	--	--

See notes to consolidated financial statements.

EAST WEST BANCORP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

East West Bancorp, Inc., a registered bank holding company (the “Company”), offers a full range of banking services to individuals and small to large businesses through its subsidiary bank, East West Bank and its subsidiaries (the “Bank”), which operates 30 branches located throughout California. The Company specializes in financing international trade and lending for commercial, construction, and residential real estate projects. The Company’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.

Reverse Stock Split - In June 1998, the Articles of Incorporation of the Bank were amended to decrease the authorized common shares of the Bank from 200,000,000 shares to 50,000,000 shares. The amendment was made in conjunction with the 118,875 for 550,000 reverse stock split effective June 11, 1998.

Change in Ownership - On June 12, 1998, previous shareholders of the Bank sold all of the Bank’s common stock to various institutional and accredited investors. No person or group of persons acting in concert was permitted to purchase more than 9.9% of the number of outstanding shares of the Bank’s common stock immediately after the sale. Since there was not a control group in this transaction, generally accepted principles did not require the assets and liabilities of the Bank to be revalued.

Formation of Bank Holding Company - On August 27, 1998, at the direction of the Board of Directors of the Bank, the Company was incorporated under the laws of the State of Delaware for the purpose of becoming a bank holding company by acquiring all of the outstanding common stock of the Bank. This reorganization, which was accounted for in a manner similar to a pooling of interests and completed on December 30, 1998, provided the Company with greater operating and financial flexibility and permits expansion into a broader range of financial services and other business activities.

Branch Sale - On May 21, 1999, the Company completed the sale of its Irvine branch to another bank. The assets and liabilities assumed by the acquiring bank were \$83 thousand and \$17.1 million, respectively. The net gain from the sale of this branch amounted to \$676 thousand.

Formation of Regulated Investment Company - On July 13, 2000, East West Securities Company, Inc. (the “Fund”), was incorporated under the general laws of the State of Maryland as a closed-end, non-diversified, management investment company registered under the Investment Company Act of 1940, as amended. The formation of the Fund provides the Bank with the flexibility to raise additional capital in a tax efficient manner for future business opportunities, if desired. There can be no assurance as to the timing or ability of the Bank to raise capital through this entity.

EWSC Holdings, LLC, a California limited liability company and wholly owned subsidiary of the Bank, owns 100% of the voting shares of the Fund. The Fund is the sole member in six limited liability companies, namely EW Assets, LLC, EW Assets 2, LLC, EW Assets 3, LLC, EW Assets 4, LLC, EW Assets 5, LLC, and EW Assets 6, LLC. These companies invest primarily in loans and money market deposit accounts.

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 relating to the reporting of assets and liabilities, including 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 financial statements include the accounts of the Company and its subsidiaries, East West Bank and Risk Services, Inc. (see Note 2). Intercompany transactions and accounts have been eliminated in consolidation.

Investment Securities - Investment securities available for sale are reported at estimated fair value, with unrealized gains and losses, net of the related tax effect, excluded from operations and reported as a separate component of other comprehensive income. Amortization of premiums and accretion of discounts on debt 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.

Derivative Financial Instruments - The Company is a party to certain derivative transactions, including interest rate swaps and interest rate caps. These contracts were entered into for purposes of reducing the Company’s interest rate risk. The carrying values of derivative financial instruments are included in other assets.

Interest Rate Swap Agreements - Interest rate swaps were entered into for the purposes of modifying the interest rate characteristics of certain loans and deposits of the Company. The interest rate swaps involve no exchange of principal either at inception or upon maturity; rather, they involve the periodic exchange of interest payments arising from an underlying notional principal amount. Interest rate swaps are accounted for using settlement accounting and are reported at their initial cost, and unrealized gains or losses resulting from changes in their fair value are not recorded in the financial statements. Revenues or expenses associated with these agreements are accounted for on an accrual basis and are recognized as adjustments to interest income on loans receivable or interest expense on deposits, based on the interest rates currently in effect for such contracts.

Interest Rate Cap Agreements - Prior to October 1, 1999, the Company used interest rate caps for purposes of hedging against fluctuations in the fair value of the Company’s investment securities available-for-sale portfolio. The interest rate caps involve the payment of a one-time premium to a counterparty who, if interest rates rise above a predetermined level, will make payments to the Company at an agreed-upon rate for the term of the agreement or until such time as interest rates fall below the cap level. The premiums paid for the interest rate caps were amortized to interest income on investments over the term of the agreements. The interest rate caps were reported at their estimated fair values, with unrealized gains and losses recognized as a separate component of accumulated other comprehensive income or loss (net of tax effects) consistent with the hedged securities. Amounts receivable on the cap agreements were accrued and recognized as interest income on investments.

Effective October 1, 1999, the Company ceased using interest rate caps to hedge against fluctuations in the investment securities available for sale portfolio. Interest rate caps continue to be recorded at their estimated fair values, with resulting gains or losses recorded in current earnings. The unrealized gains and losses reflected in accumulated other comprehensive income (loss) in stockholders' equity as of September 30, 1999 are amortized into interest income or expense over the expected remaining lives of the interest rate cap agreements.

Loans Receivable - Loans receivable, which management 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. Discounts or premiums on purchased loans are amortized to income using the 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 amount 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 collection of interest is doubtful. 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 current earnings. 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 market value. 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 market value of such loans is lower than their cost and operations are charged for valuation adjustments.

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.

A loan is impaired when it is probable that a creditor will be unable to collect all amounts due (principal and interest) according to the contractual terms of the loan agreement. 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.

Lease Financing Transactions - Loans receivable include the Company's share of aggregate rentals on lease financing transactions and residual values, net of unearned income. Lease financing transactions are primarily direct financing leases. Unearned income on lease financing transactions is amortized utilizing the interest method.

Provision and Allowance for Loan Losses - The determination of the balance in the allowance for loan losses is based on an analysis of the loan portfolio and reflects an amount that, in management's judgment, is adequate to provide for probable losses after giving consideration to estimated losses on specifically identified impaired loans, as well as the

characteristics of the loan portfolio, current economic conditions, past credit loss experience and such other factors as deserve current recognition in estimating credit losses. The allowance for loan losses is increased by charges to income and decreased by charge-offs (net of recoveries). Consumer and other homogeneous smaller balance loans are reviewed on a collective basis for impairment.

Other Real Estate Owned - Other real estate owned represents real estate acquired through foreclosure and is recorded at fair value at the time of foreclosure. Loan balances in excess of fair value of the real estate acquired at the date of foreclosure are charged against the allowance for loan losses. After foreclosure, valuations are periodically performed by management and the real estate is carried at the lower of carrying value or fair value less costs to sell. Any subsequent operating expenses or income, reduction in estimated values, and gains or losses on disposition of such properties are charged to current operations. Revenue recognition upon disposition of the property is dependent on the sale having met certain criteria relating to the buyer's initial investment in the property sold.

Real Estate Investment - The Company owns limited partnership interests in projects of affordable housing for lower income tenants. The investments in which the Company has significant influence are recorded using the equity method of accounting. The remaining investments are being amortized using the level-yield method 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 tax returns.

Premises and Equipment - Company 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 10 years
Leasehold improvements	Term of lease or useful life, whichever is shorter

Intangible Assets - Excess of purchase price over fair value of net assets acquired and fair value of net assets acquired in excess of purchase price, also known as goodwill, is amortized using the straight-line method over 15 to 25 years. Premiums on deposits, which represent the intangible value of depositor relationships resulting from deposit liabilities assumed in acquisitions, are amortized using the straight-line method over 7 to 10 years. In accordance with Statement of Financial Accounting Standards ("SFAS") No 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of*, goodwill and premiums on deposits are assessed periodically for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. In management's opinion, no significant events or changes in circumstances have occurred that would indicate impairment of these assets.

Stock of Federal Home Loan Bank of San Francisco - As a member of the Federal Home Loan Bank ("FHLB") of San Francisco, the Company is required to own common stock in the FHLB of San Francisco based upon the Company's balance of residential mortgage

loans and outstanding FHLB advances. 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.

Securities Sold Under Agreements to Repurchase - The Company enters into sales of securities under repurchase agreements with primary dealers, which provide for the repurchase of the same security with substantially the same terms as the security sold. The repurchase agreements are typically collateralized by mortgage-backed securities that are normally held by a third party custodian. In the event that the fair market value of the securities decreases below the carrying amount of the related repurchase agreement, the counterparty is required to designate an equivalent value of additional securities. These agreements are accounted for as financings, and the obligations of the Company to repurchase the securities are reflected as liabilities. The securities underlying the agreements remain in the asset accounts in the consolidated balance sheets.

Junior Subordinated Debt Securities - During 2000, the Company established East West Capital Trust I and East West Capital Trust II (the "Trusts") as wholly owned subsidiaries. In two separate private placement transactions, the Trusts issued \$10.8 million of 10.875% capital securities and \$10.0 million of 10.945% capital securities representing undivided preferred beneficial interests in the assets of the Trusts. The Company is the owner of all the beneficial interests represented by the common 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 purposes.

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.

Stock-Based Compensation - The Company has adopted SFAS No. 123, *Accounting for Stock-Based Compensation*, which establishes financial accounting and reporting standards for stock-based employee compensation plans. These standards include the recognition of compensation expense over the vesting period of the fair value of all stock-based awards on the date of grant. SFAS No. 123 permits entities to continue to apply the provisions of Accounting Principles Board ("APB") Opinion No. 25, *Accounting for Stock Issued to Employees*, and provide only the pro forma net income and pro forma net earnings per share disclosures as if the fair-value based method defined in SFAS No. 123 had been applied. Under APB Opinion No. 25, compensation expense for fixed options would be recorded on the date of grant only if the current market price of the underlying stock exceeded the exercise price. The Company has elected to continue to apply the provisions of APB Opinion No. 25 in accounting for its stock option plan and provide the pro forma disclosure requirements of SFAS No. 123 in the footnotes to its consolidated financial statements.

In addition to stock options, the Company also grants restricted stock awards to certain officers and employees. The Company records the cost of the restricted shares at market. The restricted stock grant is reflected as a component of common stock and additional paid-in capital with an offsetting amount of deferred compensation in the consolidated statement of stockholders' equity. The restricted shares awarded become fully vested after three years of continued employment from the date of grant.

The Company becomes entitled to an income tax deduction in an amount equal to the taxable income reported by the holders of the restricted shares when the restrictions are released and the shares are issued. The deferred compensation cost reflected in stockholders' equity is being amortized as compensation expense over three years using the straight-line method. Restricted shares are forfeited if officers and employees terminate prior to the lapsing of restrictions. The Company records forfeitures of restricted stock as treasury share repurchases and any compensation cost previously recognized is reversed in the period of forfeiture.

Transfers and Servicing of Financial Assets and Extinguishments of Liabilities - A sale is recognized when the Company relinquishes control over a financial asset and is compensated for such asset. The difference between the net proceeds received and the carrying amount of the financial assets being sold or securitized is recognized as a gain or loss on sale.

Earnings Per Share - Basic EPS is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock, or resulted from issuance of common stock that then shared in the earnings of the Company. The basic and diluted earnings per share and the presentation of common stock and additional paid-in capital for all periods presented have been adjusted to reflect the 118,875 for 550,000 reverse stock split, which was effective June 11, 1998.

Comprehensive Income - The term "comprehensive income" describes the total of all components of comprehensive income including net income. "Other comprehensive income" refers to revenues, expenses, and gains and losses that are included in comprehensive income but are excluded from net income as they have been recorded directly in equity under the provisions of other Financial Accounting Standard 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 other comprehensive income including net income.

RECENT ACCOUNTING PRONOUNCEMENTS

Accounting for Derivative Instruments and Hedging Activities - In June 1998, the Financial Accounting Standards Board (the "FASB") issued SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*. SFAS No. 133, as amended by SFAS No. 138, *Accounting for Certain Derivative Instruments and Certain Hedging Activities-an amendment of FASB Statement No. 133*, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial condition and measure those instruments at fair value. Gains or losses resulting from changes in the values of those derivatives would be accounted for depending on the use of the derivative and whether it qualifies for hedge accounting. The key criterion for hedge accounting is that the hedging relationship must be highly effective in achieving offsetting changes in fair value or cash flows.

Implementation of SFAS No. 133 will be effective for the Company on January 1, 2001. The adoption of this standard will not have a material impact on the Company's results of operations or financial position.

Revenue Recognition in Financial Statements - On December 3, 1999, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin ("SAB") No. 101, *Revenue Recognition in Financial Statements*, which summarizes the SEC's views in applying generally accepted accounting principles to revenue recognition in financial statements. Under the provisions of SAB No. 101, if a transaction is within the scope of existing specific authoritative literature that provides revenue recognition guidance, such literature should be applied. SAB No. 101 is intended to provide additional or more consistent guidance only in the absence of authoritative literature addressing a specific arrangement or a specific industry as it relates to revenue recognition. It is the view of the SEC that revenue is generally realized or realizable and earned when all of the following criteria are met: (1) persuasive evidence of an arrangement exists, (2) delivery has occurred or services have been rendered, (3) the seller's price to the buyer is fixed or determinable, and (4) collectibility is reasonably assured. Management does not believe that the bulletin has a material impact on the Company's results of operations or financial position.

Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities - In September 2000, the FASB issued SFAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and*

Extinguishments of Liabilities-a replacement to FASB Statement No. 125. SFAS No. 140 revises the standards for accounting for securitizations and other transfers of financial assets and collateral and requires certain disclosures, but carries over most of SFAS 125's provisions without reconsideration. SFAS No. 140 provides accounting and reporting standards for transfers and servicing of financial assets and extinguishments of liabilities. These standards are based on consistent application of a "financial-components approach" that focuses on control. Under this approach, after a transfer of financial assets, an entity recognizes the financial and servicing assets it controls and the liabilities it has incurred, derecognizes financial assets when control has been surrendered, and derecognizes liabilities when extinguished. This Statement also provides consistent standards for distinguishing transfers of financial assets that are sales from transfers that are secured borrowings. SFAS No. 140 is effective for transfers and servicing of financial assets and extinguishments of liabilities occurring after March 31, 2001. This Statement is also effective for recognition and reclassification of collateral and for disclosures relating to securitization transactions and collateral for fiscal years ending after December 15, 2000. Management does not believe that the adoption of this standard will have a material impact on the Company's results of operations or financial position when adopted.

Reclassifications - Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

2. BUSINESS COMBINATIONS

Acquisition of First Central Bank, N.A. - On May 28, 1999, the Bank acquired all of the issued and outstanding stock of First Central Bank, N.A. First Central Bank was a national bank with three branches in Southern California. The Bank acquired approximately \$55.0 million in loans and assumed approximately \$92.6 million in deposits as a result of this transaction.

The acquisition was accounted for under the purchase method of accounting, and accordingly, all assets and liabilities were adjusted to and recorded at their estimated fair values as of the acquisition date. The estimated tax effect of differences between tax bases and market values (except for intangible assets) has been reflected in deferred income taxes.

Summarized below are the assets and liabilities recorded at fair value at the date of acquisition:

(In thousands)	Values of Assets Acquired and Liabilities Assumed
Cash, cash equivalents and other investments	\$ 46,570
Loans receivable	54,305
Property and equipment	363
Excess of purchase price over fair value of net assets acquired	3,513
Premium on deposits acquired	2,450
Other assets	914
Total assets	108,115
Deposits	92,569
Other liabilities	1,240
Deferred income taxes	833
Total liabilities	94,642
Purchase price and other acquisition costs	\$ 13,473

Acquisition of American International Bank - On January 18, 2000, the Company completed its \$33.1 million acquisition of American International Bank ("AIB") in an all-cash transaction. American International Bank, with assets of \$202 million, was a state-chartered bank with eight branches in Southern California. AIB specialized in servicing small-to-medium sized companies involved in international trade and other areas, as well as offering a full range of personal banking products and services to a predominantly Chinese-American customer base.

The acquisition of AIB was accounted for under the purchase method of accounting, and accordingly, all assets and liabilities were adjusted to and recorded at their estimated fair values as of the acquisition date. The estimated tax effect of differences between tax bases and market values has been reflected in deferred income taxes.

Summarized below are the assets and liabilities recorded at fair value at the date of acquisition:

(In thousands)	Values of Assets Acquired and Liabilities Assumed
Cash, cash equivalents and other investments	\$ 86,738
Loans receivable	105,225
Property and equipment	3,505
Excess of purchase price over fair value of net assets acquired	10,243
Premium on deposits acquired	6,100
Other assets	5,039
Deferred tax assets, net	3,449
Total assets	220,299
Deposits	170,765
Other liabilities	16,399
Total liabilities	187,164
Purchase price and other acquisition costs	\$ 33,135

Acquisition of Risk Services, Inc. (dba East West Insurance Agency)

On August 22, 2000, the Company completed the acquisition of Risk Services, Inc. (the "Agency") in a stock swap transaction. Risk Services, Inc., with assets of \$789 thousand as of the acquisition date, is an unrelated agent providing business and consumer insurance services to the Southern California market. The Agency continues to run its operations autonomously as a wholly owned subsidiary of East West Bancorp, Inc.

In exchange for all of the outstanding stock of Risk Services, Inc., the Company issued a total of 103,291 new shares of East West Bancorp, Inc. common stock, par value of \$.001. The total cash value of the shares issued was approximately \$1.7 million. Approximately half of the shares issued for the acquisition of the Agency, or 51,645 shares, are held in escrow by the Company and are subject to a three-and-a-half year earn-out period pursuant to the provisions of the Agreement and Plan of Merger dated August 8, 2000. The distribution of the shares held in escrow is scheduled in four phases and is contingent on the Agency achieving specified revenue and pre-tax earnings levels over the next three-and-a-half years following the completion of the acquisition.

The acquisition of the Agency was accounted for under the purchase method of accounting, and accordingly, all assets and liabilities were adjusted to and recorded at their estimated fair values as of the acquisition date.

Summarized below are the assets and liabilities recorded at fair value at the date of acquisition:

(In thousands)	Values of Assets Acquired and Liabilities Assumed
Cash, cash equivalents and other investments	\$ 549
Property and equipment	78
Excess of purchase price over fair value of net assets acquired	357
Other assets	106
Total assets	1,090
Other liabilities	221
Total liabilities	221
Purchase price and other acquisition costs	\$ 869

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, amounts due from banks, and short-term investments with maturities of less than three months. Short-term investments, which include federal funds sold and securities purchased under agreements to resell, are recorded at cost, which approximates market. Information concerning securities purchased under agreements to resell is summarized as follows:

(In thousands)	2000	1999
Balance at year-end	\$ --	\$ --
Average balance during the year	4,904	32,358
Maximum month-end balance during the year	38,000	101,000
Weighted average interest rate during the year	6.85%	5.79%
Weighted average interest rate at end of year	--%	--%

Securities purchased under agreements to resell are collateralized by mortgage-backed securities and mortgage or commercial loans. The collateral is generally held by a third party custodian. The purchase is overcollateralized to ensure against unfavorable market price movements. In the event that the fair market value of the securities decreases below the carrying amount of the related repurchase agreement, the counterparty is required to designate 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.

4. INVESTMENT SECURITIES AVAILABLE FOR SALE

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

(In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
As of December 31, 2000:				
US Treasury securities	\$ 8,310	\$119	\$ --	\$ 8,429
US Government agency securities	72,290	--	(4,908)	67,382
Obligations of states and political subdivisions	200	1	--	201
Mortgage-backed securities	390,592	99	(6,013)	384,678
Corporate securities	28,904	--	(1,304)	27,600
Total	\$500,296	\$219	\$(12,225)	\$488,290
As of December 31, 1999:				
US Treasury securities	\$ 985	\$ --	\$ (10)	\$ 975
US Government agency securities	75,610	--	(6,739)	68,871
Obligations of states and political subdivisions	200	2	--	202
Mortgage-backed securities	440,525	51	(14,198)	426,378
Total	\$517,320	\$ 53	\$(20,947)	\$496,426

The scheduled maturities of investment securities available for sale at December 31, 2000 are presented as follows:

(In thousands)	Amortized Cost	Estimated Fair Value
Due within one year	\$ 500	\$ 502
Due after one year through five years	19,009	19,058
Due after five years through ten years	61,095	60,676
Due after ten years	419,692	408,054
Total	\$500,296	\$488,290

Expected 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 securities during 2000, 1999 and 1998 were \$ 61.1 million, \$177.8 million and \$279.5 million, respectively, with related gross realized gains of \$261 thousand, \$685 thousand and \$1.4 million. Gross realized losses on securities sales amounted to \$138 thousand, \$0, and \$31 thousand during 2000, 1999 and 1998.

At December 31, 2000 and 1999, investment securities with a carrying value of \$445.0 million and \$492.1 million, respectively, were pledged to secure public deposits, securities sold under agreements to repurchase, FHLB advances, interest rate swap agreements and for other purposes required or permitted by law.

5. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative positions are integral components of the Company's asset and liability management activities. Therefore, the Company does not believe it is meaningful to separately analyze the derivatives component of its risk management activities in isolation from related positions.

The Company uses derivative instruments, primarily interest rate swap and cap agreements, as part of its management of asset and liability positions in connection with its overall goal of minimizing the impact of interest rate fluctuations on the Company's net interest margin or its stockholders' equity. Derivatives are used as hedges against market fluctuations in the Company's available-for-sale securities portfolio and to effectively convert certain fixed rate commercial real estate loans and brokered deposits to floating rate assets and liabilities.

For the years ended December 31, 2000 and 1999, the interest rate swaps were designated for purposes of converting fixed rate loans and certain brokered deposits to floating rate assets and liabilities. Effective November 6, 2000, the Company terminated interest rate swap agree-

ments with a total notional amount of \$28.5 million. These interest rate swaps were previously utilized by the Company as a hedge against fixed rate commercial real estate loans. The termination of these swap agreements was in line with the Company's asset liability strategy and the changing outlook of the Federal Reserve Board towards the future direction of interest rates. An internal analysis performed by the Company indicated that the interest rate swaps had a minimal impact on the Company's net portfolio value even if interest rates had continued to rise. The total loss amount recorded by the Company upon termination of the swap agreements was \$138 thousand.

Interest rate cap agreements were designated as hedges against the available-for-sale securities portfolio during the year ended December 31, 1998 and the nine months ended September 30, 1999. Due to the volatility of the correlation between the Treasury yield curve and fixed rate mortgage-backed securities, the Company ceased using interest rate cap agreements to hedge against fluctuations in the investment securities available-for-sale portfolio effective October 1, 1999. Accordingly, trading gains of \$65 thousand for the three months ended December 31,

1999 and trading losses of \$232 thousand for the year ended December 31, 2000 were recorded in current earnings, respectively.

The following table reflects summary information on derivative contracts used to hedge the Company's interest rate risk as of December 31, 2000 and 1999. Amounts included in the estimated fair value column do not include gains or losses from changes in the value of the underlying asset or liability being hedged. Notional amounts are not exchanged but

serve as a point of reference for calculating payments and do not represent exposure to credit or market risk. Amounts shown as unamortized premiums paid for interest rate swaps represent the cost basis of such instruments resulting from a prior mark-to-market adjustment upon sale of a previously hedged item, and subsequent redesignation to the current hedged item.

	December 31, 2000				
(In thousands)	Notional Amount	Unamortized Premium Paid	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Interest rate swap agreements:					
Maturing on July 21, 2009, pay 7.00% fixed and receive 3-month LIBOR	\$15,000	\$ --	\$ --	\$ (86)	\$(86)
Maturing on June 23, 2009, pay 7.00% fixed and receive 3-month LIBOR	15,000	--	--	(63)	(63)
Interest rate cap agreements reclassified as trading securities:					
Maturing on October 24, 2002, 7.00% LIBOR cap	18,000	209	--	(199)	10
Maturing on April 10, 2001, 6.50% LIBOR cap	18,000	33	--	(19)	14

	December 31, 1999				
(In thousands)	Notional Amount	Unamortized Premium Paid	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Interest rate swap agreements:					
Maturing on July 21, 2009, pay 7.00% fixed and receive 3-month LIBOR	\$15,000	\$ --	\$ --	\$(706)	\$(706)
Maturing on June 23, 2009, pay 7.00% fixed and receive 3-month LIBOR	15,000	--	--	(623)	(623)
Maturing on November 13, 2002, pay 6.31% fixed and receive 3-month LIBOR	14,000	286	--	(96)	190
Maturing on October 10, 2001, pay 6.46% fixed and receive 3-month LIBOR	10,000	--	34	--	34
Maturing on January 17, 2002, pay 6.89% fixed and receive 3-month LIBOR	4,500	--	--	(17)	(17)
Interest rate cap agreements reclassified as trading securities:					
Maturing on October 24, 2002, 7.00% LIBOR cap	18,000	326	--	(128)	198
Maturing on April 10, 2001, 6.50% LIBOR cap	18,000	132	--	(74)	58

The estimated fair values of derivative financial instruments were determined using quoted market prices from dealers. The Company is exposed to credit-related losses in the event of nonperformance by counterparties to financial instruments but does not expect any

counterparties to fail to meet their obligations. The Company deals only with highly rated counterparties. The current credit exposure of derivatives is represented by the estimated fair value of contracts having positive fair values at the reporting date.

6. LOANS AND ALLOWANCE FOR LOAN LOSSES

The following is a summary of loans receivable:

	December 31,	
(In thousands)	2000	1999
Real estate loans:		
Residential, one to four units	\$ 334,775	\$ 278,161
Residential, multifamily	323,469	311,193
Commercial and industrial real estate	640,713	518,074
Construction	118,241	122,363
Total real estate loans	1,417,198	1,229,791
Other loans:		
Business, commercial	350,282	248,865
Automobile	6,409	5,284
Other consumer	40,547	23,834
Total other loans	397,238	277,983
Total gross loans	1,814,436	1,507,774
Unearned fees, premiums and discounts, net	(600)	(289)
Allowance for loan losses	(23,848)	(20,844)
Loans receivable, net	\$1,789,988	\$1,486,641

Loans held for sale were \$1.1 million and \$736 thousand at December 31, 2000 and 1999, respectively. Accrued interest on loans receivable amounted

to \$12.1 million and \$9.2 million at December 31, 2000 and 1999, respectively.

An analysis of the activity in the allowance for loan losses is as follows:

	Year Ended December 31,		
(In thousands)	2000	1999	1998
Balance, beginning of year	\$20,844	\$16,506	\$12,273
Allowance from acquisition	2,256	1,150	--
Provision for loan losses	4,400	5,439	5,356
Chargeoffs	(4,592)	(2,877)	(2,666)
Recoveries	940	626	1,543
Balance, end of year	\$23,848	\$20,844	\$16,506

The following is a summary of interest foregone on impaired loans for the years ended December 31:

(In thousands)	2000	1999	1998
Interest income that would have been recognized had impaired loans performed in accordance with their original terms	\$ 1,475	\$ 1,980	\$ 1,057
Less: Interest income recognized on impaired loans	(1,138)	(1,562)	(890)
Interest foregone on impaired loans	\$ 337	\$ 418	\$ 167

There were no commitments to lend additional funds to borrowers whose loans are included above.

The following table provides information on impaired loans for the periods indicated:

	As of and for the Year Ended December 31,		
(In thousands)	2000	1999	1998
Recorded investment with related allowance	\$ 2,641	\$ 7,773	\$ 745
Recorded investment with no related allowance	9,781	13,078	9,239
Total recorded investment	12,422	20,851	9,984
Allowance on impaired loans	(1,318)	(1,254)	(350)
Net recorded investment in impaired loans	\$11,104	\$19,597	\$ 9,634
Average total recorded investment in impaired loans	\$12,875	\$21,368	\$10,522

Loans serviced for others amounted to approximately \$198.8 million and \$208.5 million at December 31, 2000 and 1999, respectively.

Credit Risk and Concentration - Substantially all of the Company's real estate loans are secured by real properties located in California. In

addition, although most of the Company's trade finance activities are related to trade with Asia, all of the Company's loans are made to companies domiciled in the United States.

7. REAL ESTATE INVESTMENTS

The Company has invested in certain limited partnerships that were formed to develop and operate several apartment complexes designed as high-quality affordable housing for lower income tenants throughout the United States. The Company's ownership in each limited partnership varies from 1% to 19.8%. Four of the investments are being accounted for using the equity method of accounting, since the Company exercises significant control over these partnerships. The remaining investments are being amortized on a level yield method over the life of the related tax credits. 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. If the partnerships cease to qualify during the compliance period, the credit may be denied for any period in which the project is not in compliance and a portion of the credit previously taken is subject to recapture with interest.

The remaining federal tax credits to be utilized over a multiple-year period is \$18.6 million as of December 31, 2000. The Company's usage of tax credits approximated \$3.9 million and \$3.2 million during 2000 and 1999, respectively. Investment amortization amounted to \$4.1 million and \$3.0 million for the years ended December 31, 2000 and 1999, respectively.

8. PREMISES AND EQUIPMENT

Premises and equipment consist of the following:

(In thousands)	December 31,	
	2000	1999
Land	\$ 11,587	\$ 9,796
Office buildings	11,784	11,084
Leasehold improvements	3,339	2,704
Furniture, fixtures and equipment	11,600	9,682
Equipment under operating leases	1,299	--
	39,609	33,266
Accumulated depreciation and amortization	(12,979)	(10,620)
Net	\$ 26,630	\$ 22,646

9. CUSTOMER DEPOSIT ACCOUNTS

Customer deposit account balances are summarized as follows:

(In thousands)	December 31,	
	2000	1999
Demand deposits (non-interest bearing)	\$ 201,456	\$ 128,552
Checking accounts (interest bearing)	111,228	89,545
Money market accounts	122,079	69,434
Savings deposits	212,411	211,818
	647,174	499,349
Time deposits:		
Less than \$100,000	560,244	487,335
\$100,000 or greater	741,144	513,845
	1,301,388	1,001,180
Total deposits	\$1,948,562	\$1,500,529

At December 31, 2000, the scheduled maturities of time deposits are as follows:

(In thousands)	\$100,000 or Greater	Less Than \$100,000	Total
2001	\$688,974	\$507,980	\$1,196,954
2002	16,600	44,747	61,347
2003	5,007	3,906	8,913
2004	108	1,605	1,713
2005 and thereafter	30,455	2,006	32,461
Total	\$741,144	\$560,244	\$1,301,388

Accrued interest payable was \$2.1 million and \$958 thousand at December 31, 2000 and 1999, respectively. Interest expense on customer deposits by account type is summarized as follows:

(In thousands)	December 31,		
	2000	1999	1998
Checking accounts	\$ 1,398	\$ 1,056	\$ 1,072
Money market accounts	3,836	1,593	1,010
Savings deposits	4,213	3,960	5,048
Time deposits:			
Less than \$100,000	25,398	21,533	23,234
\$100,000 or greater	37,803	21,425	19,135
Total	\$72,648	\$49,567	\$49,499

10. SHORT-TERM BORROWINGS

Short-term borrowings include federal funds purchased and securities sold under agreements to repurchase. Federal funds purchased generally mature within one business day from the date of transaction while securities

sold under agreements to repurchase generally mature within 90 days from the transaction date. At December 31, 2000 and 1999, total short-term borrowings consisted entirely of federal funds purchased amounting to \$38 million and \$600 thousand, respectively. Information concerning securities sold under agreements to repurchase is summarized as follows:

(In thousands)	Year Ended December 31,	
	2000	1999
Balance at year-end	\$ --	\$ --
Average balance during the year	\$ --	\$ 9,159
Highest month-end balance during the year	\$ --	\$33,000
Weighted average interest rate during the year	-- %	5.05 %
Weighted average interest rate at end of year	-- %	-- %

11. FEDERAL HOME LOAN BANK ADVANCES

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

(In thousands)	December 31,			
	2000		1999	
Maturing during Year Ending December 31,				
2000	\$ --	--%	\$468,000	5.87%
2001	244,000	6.53%	--	--%
2002	10,000	6.33%	--	--%
2003	14,000	5.94%	14,000	5.94%
Total	\$268,000	6.49%	\$482,000	5.87%

At December 31, 2000 and 1999, all outstanding FHLB advances have fixed interest rates for a specific term. Some advances are secured by certain

real estate loans with remaining principal balances of approximately \$592.9 million and \$600.4 million at December 31, 2000 and 1999, respectively.

12. CAPITAL RESOURCES

Shelf Registration

During the first quarter of 2000, the Company filed a \$50 million universal shelf registration statement with the Securities and Exchange Commission. Pursuant to this filing, the Company may offer new common stock, trust preferred, preferred stock and/or other debentures to augment its capital resources. The timing and amount of offerings will depend on market and general business conditions. The Company intends to utilize the net proceeds from the sale of securities for general business purposes, which include supporting the growth of its commercial banking activities and possible future acquisitions. At December 31, 2000, the Company has not offered new common stock, trust preferred, preferred stock and/or other debentures pursuant to this shelf registration.

Junior Subordinated Debt Securities

On March 23, 2000, East West Capital Trust I, a statutory business trust and wholly owned subsidiary of the Company, issued \$10.8 million of junior subordinated deferrable interest debentures. These securities have a scheduled maturity date of March 8, 2030 and an interest rate of 10.875% per annum. Interest payments are due on March 8 and September 8 of each year.

On July 26, 2000, East West Capital Trust II, also a statutory business trust and wholly owned subsidiary of the Company, issued \$10.0 million in junior subordinated deferrable interest debentures. The scheduled maturity date of these securities is July 19, 2030. These securities bear an interest rate of 10.945% per annum and interest payments are due on January 19 and July 19 of each year.

Interest payments on these securities are deductible for tax purposes. These securities, which are not registered with the Securities and Exchange Commission, are recorded in the liability section of the consolidated balance sheet in accordance with accounting principles generally accepted in the United States of America. For regulatory reporting purposes, these securities qualify for Tier 1 capital treatment.

Regulated Investment Company

On July 13, 2000, East West Securities Company, Inc., was incorporated as a closed-end, non-diversified management investment company registered under the Investment Company Act of 1940, as amended. The formation of this entity provides the Company with the flexibility to raise additional capital in a tax efficient manner for future business opportunities, if desired.

13. INCOME TAXES

The provision for income taxes consists of the following components:

(In thousands)	Year Ended December 31,		
	2000	1999	1998
Current income tax expense:			
Federal	\$13,432	\$11,155	\$ 8,801
State	1,989	4,925	2,571
Total current income tax expense	15,421	16,080	11,372
Deferred income tax expense (benefit):			
Federal	(350)	(2,062)	(1,837)
State	(443)	(415)	147
Total deferred income tax benefit	(793)	(2,477)	(1,690)
Provision for income taxes	\$14,628	\$13,603	\$ 9,682

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,		
	2000	1999	1998
Federal income tax provision at statutory rate	35.0%	35.0%	35.0%
State franchise taxes, net of federal tax effect	2.0	7.0	6.4
Low income housing tax credits	(7.7)	(7.7)	(6.1)
Other, net	(0.1)	(1.6)	(0.4)
Effective income tax rate	29.2%	32.7%	34.9%

During the year ended December 31, 2000, the Company realized state tax benefits through the formation and funding of a regulated investment

company in July 2000. There were no such benefits realized during the years ended December 31, 1999 and 1998.

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

(In thousands)	December 31,	
	2000	1999
Deferred tax liabilities:		
Core deposit premium	\$ 4,707	\$ 2,749
Depreciation	2,575	3,111
FHLB stock dividends	3,924	3,184
Deferred loan fees	4,447	4,125
Other, net	3,904	3,194
Total gross deferred tax liabilities	19,557	16,363
Deferred tax assets:		
Bad debt deduction	(9,706)	(8,151)
Purchased loan discounts	(1,577)	(1,455)
Deferred compensation accrual	(1,310)	(1,058)
California franchise tax	(724)	(1,443)
Unrealized loss on securities	(5,134)	(8,860)
Federal net operating loss carryforwards	(4,678)	--
State net operating loss carryforwards	(240)	--
Other, net	(6,695)	(3,715)
Total gross deferred tax assets	(30,064)	(24,682)
Net deferred tax assets	\$ (10,507)	\$ (8,319)

At December 31, 2000, the Company has federal net operating loss carryforwards of approximately \$15.0 million which expire through 2020 and state operating loss carryforwards of approximately \$3.9 million which expire through 2005. These net operating loss carryforwards were acquired by the Company in connection with its acquisition of American International Bank. Federal and state tax laws, related to a change in ownership such as the acquisition of American International Bank, place limitations on the annual amount of operating loss carryovers that can be utilized to offset post-acquisition operating income. Under Internal Revenue Code Section 382, which has been adopted under California law, if during any three-year period there is more than a 50% change in ownership of the Bank, then the future use of any pre-change net operating losses or built-in losses of the Bank would be subject to an annual percentage limitation based on the value of the Bank at an ownership change date.

14. COMMITMENTS AND CONTINGENCIES

Credit Extensions - In the normal course of business, there are various outstanding commitments to extend credit which are not reflected in the accompanying consolidated financial statements. While the Company does not anticipate losses as a result of these transactions, commitments are included in determining the appropriate level of the allowance for loan losses.

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. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future funding requirements. The Company uses the same credit policies in making commitments and conditional obligations as it does in extending loan facilities to customers. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by the Company 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, 2000 and 1999, undisbursed loan commitments amounted to \$311.0 million and \$290.8 million, respectively. In addition, the Company committed to fund mortgage loan applications in process amounting to \$41.4 million and \$34.8 million as of December 31, 2000 and 1999, respectively.

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, 2000 and 1999, commercial and standby letters of credit totaled \$183.1 million and \$151.7 million, respectively.

Lease Commitments - The Company conducts a portion of its operations utilizing leased premises and equipment under operating leases. Rental expense amounted to \$2.6 million, \$1.6 million and \$1.4 million for the years ended December 31, 2000, 1999 and 1998, respectively.

Future minimum rental payments under noncancelable operating leases are as follow:

Year Ending December 31,	(In thousands)
2001	\$ 2,308
2002	1,923
2003	1,688
2004	1,438
2005	1,309
Thereafter	2,222
Total	\$10,888

Litigation - Neither the Company nor the Bank is involved in any material legal proceedings. The Bank, from time to time, is a party to litigation which 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 would not have a material adverse impact on the financial position, results of operations, or liquidity of the Company or the Bank.

Regulated Investment Company - In August 2000, the Securities and Exchange Commission completed an examination of East West Securities Company, Inc. The Company received the Commission's findings in a letter dated September 11, 2000. The Commission staff determined that the Fund should not be eligible to be registered as an investment company due to the failure to meet certain regulatory requirements of the Investment Company Act of 1940 and requested that the Fund voluntarily de-register. In its response to the Commission, dated October 11, 2000, the Company stated that it disagrees with certain factual statements and conclusions of law contained in the Commission's findings and sets forth the basis for its belief based on advice of counsel, which was included, that the Fund was formed in compliance with regulatory requirements. In response, the Commission has issued another letter to the Company, dated December 12, 2000, which is essentially similar to the Commission's initial letter. The Company has declined the

Commission's requests to voluntarily de-register the Fund. The Company expects to receive further correspondence from the Commission.

If the Company were to accommodate the Commission's requests to voluntarily de-register the Fund, the Company would forego the state tax benefits that are currently being realized through the Fund. Estimated professional fees totaling \$600 thousand, contingent upon realization of these state tax benefits, are due and payable in the first quarter of 2001. Further, the Company would forfeit its flexibility to raise additional capital in a tax efficient manner for future business opportunities through the Fund. Management believes, based on the advice of the counsel, that the impact of de-registration would be prospective only and not retroactive. The Fund would continue to be a registered investment company under the Investment Company Act of 1940, from the date of registration to the effective date of de-registration.

15. STOCK COMPENSATION PLANS

Stock Options

The Company adopted the 1998 Stock Incentive Plan (the "Plan") on June 25, 1998. Pursuant to an amendment under the Plan, the Company may grant stock options, restricted stock, or any form of award deemed

appropriate not to exceed 2,902,000 shares of common stock over a ten-year period. The stock options awarded under the Plan are granted with a four-year or three-year vesting period and a ten-year contractual life. At December 31, 2000 and 1999, 35,000 and 60,000 options have been granted respectively to nonemployee directors under the Plan.

A summary of the Company's stock options and warrants as of and for the years ended December 31, 2000, 1999, and 1998 is presented below:

	2000		1999		1998	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of year	1,753,474	\$10.00	1,715,150	\$10.00	--	\$ --
Granted	338,000	15.39	72,200	10.42	1,716,850	10.00
Exercised	(16,444)	10.00	--	--	--	--
Forfeited	(57,839)	11.90	(33,876)	10.00	(1,700)	10.00
Outstanding at end of year	2,017,191	\$10.86	1,753,474	\$10.02	1,715,150	\$10.00

Options exercisable at year-end	834,749	426,834	None
Weighted-average fair value of options granted during the year	\$8.55	\$5.18	\$4.08

The following table summarizes information about stock options outstanding at December 31, 2000:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number of Outstanding Options	Weighted-Avg Remaining Contractual Life	Weighted-Avg Exercise Price	Number of Exercisable Options	Weighted-Avg Exercise Price
\$10 to \$12	1,724,191	7.5 years	\$10.02	832,999	\$10.00
\$12 to \$14	17,000	9 years	12.21	1,750	12.25
\$14 to \$16	255,000	9.3 years	15.80	--	--
\$16 to \$18	--	--	--	--	--
\$18 to \$20	16,000	9.8 years	18.94	--	--
\$20 to \$22	5,000	9.9 years	20.63	--	--
\$10 to \$22	2,017,191	7.8 years	\$10.86	834,749	\$10.00

The following table summarizes information about stock options outstanding at December 31, 1999:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number of Outstanding Options	Weighted-Avg Remaining Contractual Life	Weighted-Avg Exercise Price	Number of Exercisable Options	Weighted-Avg Exercise Price
\$10 to \$11	1,736,474	8.5 years	\$10.00	426,834	\$10.00
\$11 to \$12	10,000	10 years	11.44	--	--
\$12 to \$13	7,000	9.9 years	12.25	--	--
\$10 to \$13	1,753,474	8.5 years	\$10.02	426,834	\$10.00

The Company applies APB Opinion No. 25 and related interpretations in accounting for the Plan, and accordingly, no compensation expense has been recognized in the consolidated financial statements since the stock options were granted at fair value. Had the Company determined compensation

expense based on the fair value at the grant date consistent with SFAS No. 123, the Company's net income and earnings per share ("EPS") would have been reduced to the pro forma amounts indicated below:

(In thousands, except per share data)	Year Ended December 31,		
	2000	1999	1998
Net Income			
As Reported	\$35,467	\$28,027	\$18,028
Pro Forma	\$34,450	\$27,241	17,519
Basic EPS			
As Reported	\$ 1.58	\$ 1.23	\$ 0.76
Pro Forma	\$ 1.53	\$ 1.20	\$ 0.74
Diluted EPS			
As Reported	\$ 1.53	\$ 1.22	\$ 0.76
Pro Forma	\$ 1.49	\$ 1.19	\$ 0.74

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 in 2000, 1999 and 1998, respectively: dividend yield of 0.8%, 1.2% and 1.2%; expected volatility of 47.5%, 43.5% and 30.4%; risk-free interest rate of 5.1%, 6.7% and 4.8%; and expected lives of 6.0 years, 6.0 years and 6.5 years.

Restricted Stock

As part of the 1998 Stock Incentive Plan, the Company granted restricted stock with a three-year vesting period and a ten-year contractual

life to certain officers and employees during 1999 and 2000. Noncash compensation cost amounted to \$405 thousand and \$249 thousand for the years ended December 31, 2000 and 1999, respectively. The Company was not entitled to any income tax deduction in 2000 and 1999 in connection with the restricted stock award, since no restrictions have lapsed and no shares have been issued.

A summary of the Company's Restricted Stock as of December 31, 2000 and 1999, and changes during the years then ended are as follows:

	2000		1999	
	Shares	Weighted Average Price	Shares	Weighted Average Price
Outstanding at beginning of year	94,140	\$10.62	--	\$ - -
Granted	1,500	12.00	105,003	10.59
Forfeited	(11,878)	10.56	(10,863)	10.59
Outstanding at end of year	83,762	\$10.65	94,140	\$10.59

Stock Purchase Plan

The Company has 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 the Company's common stock at a discount. Under the terms of the Purchase Plan, employees can purchase shares of the Company's common stock at 85% of the per-share market price at the date of grant, subject to an annual limitation of common stock

valued at \$25,000. The Purchase Plan qualifies as a noncompensatory plan under Section 423 of the Internal Revenue Code, and accordingly, no compensation expense is recognized under the plan.

The Purchase Plan covers a total of 1,000,000 shares of the Company's common stock. During 2000 and 1999, 53,584 shares totaling \$496 thousand and 28,728 shares totaling \$218 thousand, respectively, were sold to employees under the Purchase Plan.

Warrants

In connection with the securities offering and change in ownership of the Bank, warrants to purchase 475,500 shares of common stock of the Company were issued to the placement agent in June 1998. The warrants are exercisable for a five-year period at an exercise price of \$10 per share. At December 31, 2000, warrants to purchase a total of 50,719 shares of common stock remain outstanding.

16. EMPLOYEE BENEFIT PLAN

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 the plan years ended December 31, 2000, 1999 and 1998, the Company contributed \$578 thousand, \$459 thousand, and \$400 thousand, respectively.

17. STOCKHOLDERS' EQUITY AND EARNINGS PER SHARE

Stock Repurchase Program

During 1999, the Company's Board of Directors authorized the Company to repurchase up to \$21.0 million of its common stock under three different Stock Repurchase Programs. During the years ended December 31, 2000 and 1999, the Company has repurchased 361,878 shares and 1,485,863 shares of common stock with a cost of \$8.4 million and \$14.7 million, respectively. A portion of the shares repurchased during the year ended December 31, 2000, specifically 100,000 shares at

a total cost of \$2.4 million, were purchased in a private transaction in connection with the exercise of stock warrants that were issued to the placement agent in June 1998. The repurchase of these shares are exclusive of the three aforementioned Stock Repurchase Programs.

Quarterly Dividends

The Company has declared and paid a cash dividend of \$0.03 per share during the four quarters of 2000 and 1999 to its shareholders totaling \$2.7 million per year.

Earnings Per Share

The calculation of earnings per share and diluted earnings per share for 2000, 1999 and 1998 is presented below:

(In thousands, except per share data)	Net Income	Number of Shares	Per Share Amounts
2000			
Basic EPS	\$35,467	22,448	\$1.58
Effect of dilutive securities:			
Stock Options	--	571	
Restricted Stock	--	33	
Stock Warrants	--	116	
Diluted EPS	\$35,467	23,168	\$1.53
1999			
Basic EPS	\$28,027	22,757	\$1.23
Effect of dilutive securities:			
Stock Options	--	69	
Restricted Stock	--	51	
Stock Warrants	--	18	
Diluted EPS	\$28,027	22,895	\$1.22
1998			
Basic EPS	\$18,028	23,775	\$0.76
Effect of dilutive securities	--	--	
Diluted EPS	\$18,028	23,775	\$0.76

18. REGULATORY REQUIREMENTS

Risk-Based Capital

The Company and the Bank are subject to various regulatory capital requirements administered by the federal banking agencies, including the Federal Deposit Insurance Corporation (“FDIC”). 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, 2000 and 1999, the most recent notification from the FDIC categorized the Bank 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 1 risk-based, and Tier 1 leverage ratios as set forth in the table below. There are no conditions or events since that notification which management believes have changed the category of the Bank.

The actual and required capital amounts and ratios at December 31, 2000 and 1999 are presented as follows:

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
(Dollars in thousands)	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2000						
Total Capital (to Risk-Weighted Assets)						
Consolidated Company	\$213,678	10.9%	\$157,588	8.0%	\$196,985	10.0%
East West Bank	\$209,937	10.7%	\$157,422	8.0%	\$196,777	10.0%
Tier I Capital (to Risk-Weighted Assets)						
Consolidated Company	\$189,830	9.6%	\$ 78,794	4.0%	\$118,191	6.0%
East West Bank	\$186,089	9.5%	\$ 78,711	4.0%	\$118,066	6.0%
Tier I Capital (to Average Assets)						
Consolidated Company	\$189,830	7.7%	\$ 98,249	4.0%	\$122,812	5.0%
East West Bank	\$186,089	7.9%	\$ 94,788	4.0%	\$118,485	5.0%
As of December 31, 1999						
Total Capital (to Risk-Weighted Assets)						
Consolidated Company	\$174,917	10.6%	\$132,223	8.0%	\$165,279	10.0%
East West Bank	\$174,885	10.6%	\$132,200	8.0%	\$165,250	10.0%
Tier I Capital (to Risk-Weighted Assets)						
Consolidated Company	\$154,255	9.3%	\$ 66,112	4.0%	\$ 99,168	6.0%
East West Bank	\$154,226	9.3%	\$ 66,100	4.0%	\$ 99,150	6.0%
Tier I Capital (to Average Assets)						
Consolidated Company	\$154,255	7.3%	\$ 84,444	4.0%	\$105,555	5.0%
East West Bank	\$154,226	7.3%	\$ 84,505	4.0%	\$105,631	5.0%

Reserve Requirement

The Company is required to maintain a percentage of its deposits as reserves at the Federal Reserve Bank. The daily average reserve

requirement was approximately \$7.4 million and \$1.0 million at December 31, 2000 and 1999, respectively.

19. FAIR VALUES OF FINANCIAL INSTRUMENTS

The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. However, considerable judgment is required to interpret market data to

develop estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

(In thousands)	December 31,			
	2000		1999	
	Carrying or Contract Amount	Estimated Fair Value	Carrying or Contract Amount	Estimated Fair Value
Assets:				
Cash and cash equivalents	\$ 63,048	\$ 63,048	\$ 43,497	\$ 43,497
Investment securities available for sale	488,290	488,290	496,426	496,426
Loans receivable, net	1,789,988	1,788,317	1,486,641	1,490,108
FHLB stock	14,845	14,845	26,954	26,954
Accrued interest receivable	15,138	15,138	11,988	11,988
Liabilities:				
Customer deposit accounts:				
Demand accounts	647,174	647,174	499,349	499,349
Time deposits	1,301,388	1,299,899	1,001,180	1,002,176
Short-term borrowings	38,000	38,013	600	600
FHLB advances	268,000	268,074	482,000	482,507
Junior subordinated debt securities	20,750	22,797	--	--
Accrued interest payable	5,010	5,010	958	958
Off-balance sheet financial instruments:				
Commercial letters of credit	14,842	19	13,394	17
Standby letters of credit	168,300	1,968	138,281	1,340
Commitments to extend credit	310,974	1,733	290,797	1,601
Derivatives:				
Interest rate swaps	--	(149)	286	(1,122)
Interest rate caps	24	24	256	256

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.

Investment Securities and Derivative Instruments - The fair value is based on quoted market price from securities brokers or dealers in the respective instruments.

Loans and Accrued Interest Receivable - Fair values are estimated for portfolios of loans with similar financial characteristics, primarily fixed and adjustable rate interest terms. The fair values of fixed rate mortgage loans are based upon discounted cash flows utilizing applicable risk-adjusted spreads relative to the current pricing for 15- and 30-year conventional loans as well as anticipated prepayment schedules. The fair values of adjustable rate mortgage loans are based upon discounted cash flows utilizing discount rates that approximate the risk-adjusted pricing of available mortgage-backed securities having similar rates and repricing characteristics as well as anticipated prepayment schedules. 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 such loans. The carrying amount of accrued interest receivable approximates fair value due to its short term nature.

FHLB Stock - The carrying amount approximates fair value, as the stock may be sold back to the Federal Home Loan Bank at carrying value.

Deposits and Accrued Interest Payable - The fair values of deposits are estimated based upon the type of deposit products. Demand accounts, which include passbooks and transaction accounts, are presumed to have equal book and fair values, since the interest rates paid on these accounts are based on prevailing market rates. The estimated fair values of time deposits are based upon the contractual discounted cash flows estimated in current rate for the deposits over the remaining terms. The carrying amount of accrued interest payable approximates fair value due to its short term nature.

Short-term Borrowings - The fair values are estimated by discounting the amounts contractually due under such agreements using the prevailing federal funds rate at each reporting date.

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

Junior Subordinated Debt Securities – The fair values of junior subordinated debt securities are estimated by discounting the cash flows through maturity based on prevailing rates offered on the 30-year Treasury bond at each reporting date.

Commitments to Extend Credit, Commercial and Standby

Letters of Credit – The fair values of commitments are estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the counterparty's credit standing.

The fair value estimates presented herein are based on pertinent information available to management as of each reporting date. Although management is 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.

20. RELATED PARTY TRANSACTIONS

The Company enters into certain related party transactions with its affiliates in the normal course of business. These transactions are conducted at market terms.

One of the Company's directors is a guarantor of an extension of credit

to two corporations in which the director is an executive officer and the beneficial owner of over 10% of a class of equity securities of the two corporations. At December 31, 1999, the total approved commitment amounted to \$1.1 million with an outstanding balance of \$410 thousand. This loan was repaid in full during 2000. No extension of credit was outstanding for any related party as of December 31, 2000.

21. SEGMENT INFORMATION

Management utilizes an internal reporting system to measure the performance of various operating segments within the Company and the Company overall. Four principal operating segments have been identified by the Company for purposes of management reporting: retail banking, commercial lending, treasury, and residential lending. Information related to the Company's remaining centralized functions and eliminations of intersegment amounts have been aggregated and included in "Other." Although all four operating segments offer financial products and services, they are managed separately based on each segment's strategic focus. While the retail banking segment focuses primarily on retail operations through the Company's branch network, certain designated branches have responsibility for generating commercial deposits and loans. The commercial lending segment primarily generates commercial loans and deposits through the efforts of commercial lending officers located in the Company's northern and southern California production offices. The treasury department's primary focus is managing the Company's investments, liquidity, and interest rate risk; the residential lending segment is mainly responsible for the Company's portfolio of single family and multifamily residential loans.

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 new loan originations for the period. The Company evaluates overall performance based on profit or loss from operations before income taxes not including nonrecurring gains and losses.

Future changes in the Company's management structure or reporting methodologies may result in changes in the measurement of operating segment results. Results for prior periods have been restated for comparability for changes in management structure or reporting methodologies.

EAST WEST BANCORP, INC. AND SUBSIDIARIES

The following tables present the operating results and other key financial measures for the individual operating segments for the years ended December 31, 2000, 1999 and 1998:

	Year Ended December 31, 2000					
(In thousands)	Retail Banking	Commercial Lending	Treasury	Residential Lending	Other	Total
Interest income	\$ 47,428	\$ 61,379	\$ 35,029	\$ 38,903	\$ 3,341	\$ 186,080
Charge for funds used	(32,425)	(43,763)	(34,071)	(32,540)	(854)	(143,653)
Interest spread on funds used	15,003	17,616	958	6,363	2,487	42,427
Interest expense	(52,902)	(5,301)	(38,390)	--	--	(96,593)
Credit on funds provided	88,784	10,141	44,728	--	--	143,653
Interest spread on funds provided	35,882	4,840	6,338	--	--	47,060
Net interest income	\$ 50,885	\$ 22,456	\$ 7,296	\$ 6,363	\$ 2,487	\$ 89,487
Depreciation and amortization	\$ 4,228	\$ 486	\$ 321	\$ 684	\$ 3,032	\$ 8,751
Segment profit	22,160	14,391	6,846	4,985	1,713	50,095
Segment assets	516,398	765,746	507,642	534,086	162,099	2,485,971

	Year Ended December 31, 1999					
(In thousands)	Retail Banking	Commercial Lending	Treasury	Residential Lending	Other	Total
Interest income	\$ 28,868	\$ 45,700	\$ 38,959	\$ 32,029	\$ 2,471	\$ 148,027
Charge for funds used	(17,048)	(27,271)	(33,472)	(22,689)	(149)	(100,629)
Interest spread on funds used	11,820	18,429	5,487	9,340	2,322	47,398
Interest expense	(40,032)	(3,016)	(33,094)	--	--	(76,142)
Credit on funds provided	58,161	5,417	37,051	--	--	100,629
Interest spread on funds provided	18,129	2,401	3,957	--	--	24,487
Net interest income	\$ 29,949	\$ 20,830	\$ 9,444	\$ 9,340	\$ 2,322	\$ 71,885
Depreciation and amortization	\$ 2,550	\$ 251	\$ 346	\$ (258)	\$ 1,250	\$ 4,139
Segment profit	7,332	16,511	9,919	7,379	489	41,630
Segment assets	384,718	655,739	533,387	487,299	91,487	2,152,630

	Year Ended December 31, 1998					
(In thousands)	Retail Banking	Commercial Lending	Treasury	Residential Lending	Other	Total
Interest income	\$ 16,273	\$ 29,502	\$ 40,901	\$ 37,368	\$ 2,664	\$ 126,708
Charge for funds used	(9,949)	(17,035)	(36,871)	(31,353)	(577)	(95,785)
Interest spread on funds used	6,324	12,467	4,030	6,015	2,087	30,923
Interest expense	(41,839)	(2,738)	(26,466)	--	--	(71,043)
Credit on funds provided	59,171	4,096	32,518	--	--	95,785
Interest spread on funds provided	17,332	1,358	6,052	--	--	24,742
Net interest income	\$ 23,656	\$ 13,825	\$ 10,082	\$ 6,015	\$ 2,087	\$ 55,665
Depreciation and amortization	\$ 2,267	\$ 227	\$ 1,799	\$ 647	\$ (401)	\$ 4,539
Segment profit	3,292	11,996	8,605	3,676	141	27,710
Segment assets	246,336	412,647	839,309	433,538	126,330	2,058,160

22. EAST WEST BANCORP, INC. (parent company only)**BALANCE SHEETS**

	December 31,	
(In thousands)	2000	1999
ASSETS:		
Cash and cash equivalents	\$ 2,441	\$ --
Loans receivable	500	--
Investment in subsidiaries	203,425	150,051
Investment in nonbank entity	500	250
Goodwill	351	--
Other assets	721	36
Total assets	\$207,938	\$150,337
LIABILITIES AND STOCKHOLDERS' EQUITY:		
LIABILITIES		
Junior subordinated debt securities	\$ 20,750	\$ --
Other liabilities	1,039	257
Total liabilities	21,789	257
STOCKHOLDERS' EQUITY		
Common stock (par value \$0.001 per share)		
Authorized -- 50,000,000 shares		
Issued -- 24,508,331 shares and 23,908,731 shares in 2000 and 1999, respectively		
Outstanding -- 22,660,590 shares and 22,422,868 shares in 2000 and 1999, respectively	25	24
Additional paid in capital	118,039	111,306
Retained earnings	99,764	67,001
Deferred compensation	(1,344)	(863)
Treasury stock, at cost: 1,847,741 shares and 1,485,863 shares in 2000 and 1999, respectively	(23,060)	(14,659)
Accumulated other comprehensive loss, net of tax	(7,275)	(12,729)
Total stockholders' equity	186,149	150,080
Total liabilities and stockholders' equity	\$207,938	\$150,337

STATEMENTS OF INCOME

	Year Ended December 31,		
(In thousands)	2000	1999	1998
Dividends from subsidiaries	\$ 9,578	\$17,494	\$ 73
Interest income	10	--	--
Other income	14	--	--
Total income	9,602	17,494	73
Interest expense	1,377	--	--
Other expense	1,052	977	73
Total expense	2,429	977	73
Income before income taxes and equity in undistributed income of subsidiaries	7,173	16,517	--
Income tax benefit	1,008	448	--
Equity in undistributed income of subsidiaries	27,286	11,062	18,028
Net income	\$35,467	\$28,027	\$18,028

STATEMENTS OF CASH FLOWS

(In thousands)	Year Ended December 31,		
	2000	1999	1998
Cash flows from operating activities:			
Net income	\$35,467	\$ 28,027	\$ 18,028
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in undistributed income of subsidiaries	(27,286)	(11,062)	(18,028)
Depreciation and amortization	20	--	--
Net change in other assets	(13)	6	(42)
Net change in other liabilities	779	215	42
Stock compensation cost	421	249	--
Net cash provided by operating activities	9,388	17,435	--
Cash flows from investing activities:			
Net change in loans receivable	(500)	--	--
Investment in nonbank entity	(250)	(250)	--
Capital contribution to subsidiary	(20,078)	--	--
Net cash used in investing activities	(20,828)	(250)	--
Cash flows from financing activities:			
Proceeds from issuance of junior subordinated debt securities	20,750	--	--
Payment of debt issue cost	(672)	--	--
Proceeds from common stock options exercised	164	--	--
Proceeds from stock purchase plans	496	218	--
Proceeds from stock warrants exercised	4,248	--	--
Repurchases of common stock	(8,401)	(14,659)	--
Dividends paid on common stock	(2,704)	(2,744)	--
Net cash provided by (used in) financing activities	13,881	(17,185)	--
Net increase in cash and cash equivalents	2,441	--	--
Cash and cash equivalents, beginning of year	--	--	--
Cash and cash equivalents, end of year	\$ 2,441	\$ --	\$ --
Supplemental Cash Flow Disclosures			
Noncash financing activity:			
Issuance of shares in connection with the acquisition of Risk Services, Inc., net of deferred compensation	869	--	--

23. SUBSEQUENT EVENTS

Acquisition of Prime Bank

On January 16, 2001, the Company completed its acquisition of Prime Bank in a combination of shares and cash valued at \$16.6 million. The acquisition of Prime Bank was accounted for under the purchase method of accounting, and accordingly, all assets and liabilities were adjusted to and recorded at their estimated fair values as of the acquisition date. The estimated tax effect of differences between tax bases and market values has been reflected in deferred income taxes. The Company recorded total goodwill of approximately \$5.6 million and core deposit premium of \$3.9 million, which are being amortized using the straight-line method over 15 years and 7 years, respectively. At December 31, 2000, Prime Bank had total assets of \$128.4 million (unaudited) and total stockholders' equity of \$9.0 million (unaudited).

Stock Repurchase Program

On January 16, 2001, the Company's Board of Directors authorized the Company to repurchase another \$7 million of its common stock. In connection with this latest repurchase program, the Company has repurchased a total of 275,000 shares of common stock at an aggregate cost of \$6.4 million through March 20, 2001.

Quarterly Cash Dividend

The Company has declared and paid a cash dividend of \$0.03 per share on February 14, 2001 in the amount of \$695 thousand.

24. QUARTERLY FINANCIAL INFORMATION

	Quarters Ended			
(In thousands, except per share data)	December 31,	September 30,	June 30,	March 31,
2000				
Interest and dividend income	\$48,430	\$47,289	\$46,120	\$44,241
Interest expense	25,856	24,711	23,769	22,257
Net interest income	22,574	22,578	22,351	21,984
Provision for loan losses	300	1,300	1,400	1,400
Net interest income after provision for loan losses	22,274	21,278	20,951	20,584
Noninterest income	3,446	3,660	3,469	4,393
Noninterest expense	13,799	12,250	12,177	11,734
Income before provision for income taxes	11,921	12,688	12,243	13,243
Provision for income taxes	2,309	3,910	3,879	4,530
Net income	9,612	8,778	8,364	8,713
Basic earnings per share	0.42	0.39	0.37	0.39
Diluted earnings per share	0.40	0.38	0.37	0.38
1999				
Interest and dividend income	\$39,525	\$37,822	\$36,018	\$34,662
Interest expense	19,819	19,211	18,681	18,431
Net interest income	19,706	18,611	17,337	16,231
Provision for loan losses	1,433	1,320	1,486	1,200
Net interest income after provision for loan losses	18,273	17,291	15,851	15,031
Noninterest income	3,590	3,544	4,227	3,332
Noninterest expense	10,475	10,637	9,580	8,817
Income before provision for income taxes	11,388	10,198	10,498	9,546
Provision for income taxes	3,502	3,169	3,398	3,534
Net income	7,886	7,029	7,100	6,012
Basic and diluted earnings per share	0.35	0.31	0.31	0.26

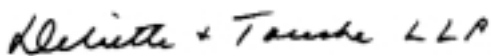
INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of
East West Bancorp, Inc. and Subsidiaries
San Marino, California

We have audited the accompanying consolidated balance sheets of East West Bancorp, Inc. and subsidiaries (the "Company") as of December 31, 2000 and 1999, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2000 and 1999, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America.



Los Angeles, California

February 16, 2001 (March 20, 2001 as to Note 23)

REPORT OF MANAGEMENT

February 16, 2001

To our Shareholders:

Financial Statements

The management of East West Bancorp, Inc. and subsidiaries (the "Company") is responsible for the preparation, integrity, and fair presentation of its published financial statements and all other information presented in this annual report. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and, as such, include amounts based on informed judgments and estimates made by management.

Internal Control

Management is responsible for establishing and maintaining effective internal control over financial reporting, including safeguarding of assets, for financial presentations in conformity with both accounting principles generally accepted in the United States of America and the Federal Financial Institutions Examination Council Instructions for Consolidated

Reports of Condition and Income (Call Report instructions). The internal control contains monitoring mechanisms, and actions are taken to correct deficiencies identified.

There are inherent limitations in the effectiveness of any internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even effective internal control can provide only reasonable assurance with respect to consolidated financial statement preparation. Further, because of changes in conditions, the effectiveness of internal control may vary over time.

Management assessed the Company's internal control over financial reporting, including safeguarding of assets, for financial presentations in conformity with both accounting principles generally accepted in the United States of America and Call Report instructions as of December 31, 2000. This assessment was based on criteria for effective internal control over financial reporting, including safeguarding of assets, described in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management believes that the Bank maintained effective internal control over financial reporting, including safeguarding of assets, presented in conformity with both accounting principles generally accepted in the United States of America and Call Report instructions, as of December 31, 2000.

The Audit Committee of the Board of Directors is comprised entirely of outside directors who are independent of the Company's management. The Audit Committee is responsible for recommending to the Board of Directors the selection of independent auditors. It meets periodically with management, the independent auditors, and the internal auditors to ensure that they are carrying out their responsibilities. The Committee is also responsible for performing an oversight role by reviewing and monitoring the financial, accounting and auditing procedures of the Company in addition to reviewing the Company's financial reports. The independent auditors and the internal auditors have full and free access to the Audit Committee, with or without the presence of management, to discuss the adequacy of internal control over financial reporting and any other matters which they believe should be brought to the attention of the Committee.

Compliance With Laws and Regulations

Management is also responsible for ensuring compliance with the federal laws and regulations concerning loans to insiders and the federal and state laws and regulations concerning dividend restrictions, both of which are designated by the Federal Deposit Insurance Corporation ("FDIC") as safety and soundness laws and regulations.

Management assessed its compliance with the designated safety and soundness laws and regulations and has maintained records of its determinations and assessments as required by the FDIC. Based on this assessment, management believes that the Company has complied, in all material respects, with the designated safety and soundness laws and regulations for the year ended December 31, 2000.

Dominic Ng
Chairman, President and
Chief Executive Officer

Julia S. Gouw
Executive Vice President and
Chief Financial Officer

COMMON STOCK AND DIVIDENDS

East West Bancorp, Inc. Common Stock (symbol: EWBC) trades on the Nasdaq Stock Market. At December 31, 2000, there were 22,660,590 shares of common stock issued and outstanding.

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

ANNUAL MEETING

The 2001 Annual Meeting of Shareholders will be held at 10:30 a.m. Pacific Time on Wednesday, May 16, 2001 at:

The Ritz - Carlton
Huntington Hotel & Spa
1401 South Oak Knoll Avenue
Pasadena, California 91106

Formal notice of the meeting with a proxy card and proxy statement, was mailed to all shareholders of record as of April 2, 2001.

Stock Transfer Agent

Shareholders with inquiries about accounts, lost stock certificates, or changes of address, may contact U.S. Stock Transfer Corporation by calling (818) 502-1404 between 9:00 a.m. and 5:00 p.m. Pacific Time. Written correspondence may be sent to:

U.S. Stock Transfer Corporation
1745 Gardena Avenue
Glendale, CA 91204

FINANCIAL INFORMATION AND MAILINGS

You may obtain the Company's Annual Reports on Form 10-K and other financial information by writing or calling :

East West Bancorp, Inc.
Investor Relations
415 Huntington Drive
San Marino, CA 91108
(800) 713-6506

QUARTERLY REPORTS

East West's financial results are provided in quarterly earnings releases. A copy of the release is available via the following methods:

By Fax

Call (800) 776-4636 and enter ticker symbol EWBC. If calling from outside the United States, please call (732) 544-2850.

On the Internet

Company information and news releases are also available at www.eastwestbank.com.

To receive company news releases via e-mail, please contact Investor Relations at the telephone number or address above.

By Mail

Upon request we will mail to you our quarterly earnings releases. To be added to the mailing list, please contact Investor Relations at the telephone number or address above.

EXECUTIVE OFFICERS

Dominic Ng
Chairman, President and CEO

David Buell
*Managing Director,
West Los Angeles Commercial Banking Center*

Robert Bulseco
*Executive Vice President,
West Los Angeles Commercial Banking Center*

Donald S. Chow
*Executive Vice President,
Commercial Lending*

Julia S. Gouw
*Executive Vice President and
Chief Financial Officer*

Douglas P. Krause
*Executive Vice President,
General Counsel and Secretary*

Michael W. Lai
*General Manager,
Northern California*

Sandra M. Wong
*Executive Vice President,
Chief Credit Officer*

John Bell
*Senior Vice President,
Senior Loan and Credit Officer*

Wade M. Bourne
*Senior Vice President,
Commercial Services*

Sharon Canup
*Senior Vice President,
West Los Angeles Commercial Banking Center*

Steven Canup
*Senior Vice President,
Strategic Planning and Investor Relations*

K. Y. Cheng
*Senior Vice President,
International Banking*

Bennett Chui
*Senior Vice President,
Deputy Manager International Banking*

Pamela Citron
*Senior Vice President,
Operations Administration*

Mitchell W. Kitayama
*Senior Vice President,
Treasurer*

Kelvin Lee
*Managing Director,
Merchant Banking*

Liz Mendoza
*Senior Vice President,
Controller*

Nancy Moore
*Senior Vice President,
Senior Investment Officer*

Paul Stroube
*Senior Vice President,
Regional Vice President*

Alice Wong
*President,
East West Insurance*

BOARD OF DIRECTORS

Dominic Ng
Chairman of the Board

Julia S. Gouw
Member

Herman Y. Li
Member

Jack C. Liu
Member

James P. Miscoll
Member

Keith W. Renken
Member

Edward Zapanta, M.D.
Member

LOCATIONS

Headquarters

San Marino (626) 799-5700

Southern California Offices

Alhambra
West Main Street (626) 308-2012
West Valley Blvd. (626) 576-7447

Arcadia (626) 821-4988

Artesia-Cerritos
Pioneer Blvd. (562) 809-7900
Gridley Road (562) 860-4747

Carson (310) 522-5555

Century City (310) 712-0044

**City of Industry /
Hacienda Heights** (626) 854-8600

Diamond Bar (909) 861-3676

El Monte (626) 582-8050

Glendale (818) 545-8800

Lincoln Heights (323) 223-1164

Los Angeles
Grand Avenue (213) 688-8600
Chinatown (213) 489-5300

Montebello (323) 723-2311

Monterey Park (626) 281-3800

Palos Verdes Peninsula (310) 544-1556

Rosemead (626) 572-4633

Rowland Heights (626) 854-0070

San Marino (626) 799-1132

Silverlake (323) 667-9003

South Pasadena (323) 682-3831

Tarzana (818) 774-2666

Torrance (310) 791-2800

Westminster (714) 895-2575

Northern California Offices

Cupertino (408) 873-7030

Milpitas (408) 383-5150

Oakland (510) 465-3333

San Francisco
Richmond District (415) 750-2800
Chinatown (415) 433-1533



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BANCORP

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