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

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2023

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission file number 000-24939

EAST WEST BANCORP, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

95-4703316

(I.R.S. Employer Identification No.)

135 North Los Robles Ave., 7th Floor, Pasadena, California, 91101
(Address of principal executive offices) (Zip Code)

(626) 768-6000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.001 per share	EWBC	Nasdaq Global Select Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐	Smaller reporting company	☐
Non-accelerated filer	☐			Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the registrant's common stock held by non-affiliates was approximately $7,396,326,818 (based on the June 30, 2023 closing price of

Common Stock of $52.79 per share). As of January 31, 2024, 140,030,010 shares of East West Bancorp, Inc. Common Stock were outstanding.

DOCUMENT INCORPORATED BY REFERENCE

Portions of the registrant’s definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A relating to its 2024 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K.

EAST WEST BANCORP, INC.
2023 ANNUAL REPORT ON FORM 10-K
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PART I

Forward-Looking Statements

This Annual Report on Form 10-K ("this Form 10-K") contains "forward-looking statements" that are intended to be covered by the safe harbor for such statements provided by the Private Securities Litigation Reform Act of 1995. East West Bancorp, Inc. (referred to herein on an unconsolidated basis as "East West" and on a consolidated basis as the "Company," "we", "us", "our" or "EWBC") may make forward-looking statements in other documents that it files with, or furnishes to, the United States ("U.S.") Securities and Exchange Commission ("SEC") and management may make forward-looking statements to analysts, investors, media members and others. Forward-looking statements are those that do not relate to historical facts and that are based on current assumptions, beliefs, estimates, expectations and projections, many of which, by their nature, are inherently uncertain and beyond the Company's control. Forward-looking statements may relate to various matters, including the Company's financial condition, results of operations, plans, objectives, future performance, business or industry, and usually can be identified by the use of forward-looking words, such as "anticipates," "assumes," "believes," "can," "continues," "could," "estimates," "expects," "forecasts," "goal," "intends," "likely," "may," "might," "objective," "plans," "potential," "projects," "remains," "should," "target," "trend," "will," "would," or similar expressions or variations thereof, and the negative thereof, but these terms are not the exclusive means of identifying such statements. You should not place undue reliance on forward-looking statements, as they are subject to risks and uncertainties, including, but not limited to, those described below. When considering these forward-looking statements, you should keep in mind these risks and uncertainties, as well as any cautionary statements the Company may make.

There are various important factors that could cause future results to differ materially from historical performance and any forward-looking statements. Factors that might cause such differences, include, but are not limited to:

- changes in the global economy, including an economic slowdown, capital or financial market disruption, supply chain disruption, level of inflation, interest rate environment, residential and commercial property prices, employment levels, rate of growth and general business conditions, which could result in, among other things, reduced demand for loans, reduced availability of funding or increased funding costs, declines in asset values and/or recognition of allowance for credit losses;
- changes in local, regional and global business, economic and political conditions and geopolitical events, such as political unrest, wars and acts of terrorism;
- the soundness of other financial institutions and the impacts related to or resulting from bank failures and other economic and industry volatility, including potential increased regulatory requirements, Federal Deposit Insurance Corporation ("FDIC") insurance premiums and assessments, deposit withdrawals, or other adverse consequences of negative market perceptions of the banking industry or us;
- changes in laws or the regulatory environment, including regulatory reform initiatives and policies of the U.S. Department of the Treasury, the Board of Governors of the Federal Reserve System ("Federal Reserve"), the FDIC, the SEC, the Consumer Financial Protection Bureau ("CFPB"), the California Department of Financial Protection and Innovation ("DFPI") - Division of Financial Institutions, the People's Bank of China ("PBOC"), China's National Administration of Financial Regulation ("NAFR"), the Hong Kong Monetary Authority ("HKMA"), the Hong Kong Securities and Futures Commission ("HKSFC"), and the Monetary Authority of Singapore ("MAS");
- changes and effects thereof in trade, monetary and fiscal policies and laws, including the ongoing trade, economic and political disputes between the U.S. and the People's Republic of China and the monetary policies of the Federal Reserve;
- changes in the commercial and consumer real estate markets;
- changes in consumer or commercial spending, savings and borrowing habits, and patterns and behaviors;
- the impact from changes to income tax laws and regulations, federal spending and economic stimulus programs;
- the impact of any future U.S. federal government shutdown and uncertainty regarding the U.S. federal government's debt limit and credit rating;
- the Company's ability to compete effectively against financial institutions and other entities, including as a result of emerging technologies;
- the success and timing of the Company's business strategies;
- the Company's ability to retain key officers and employees;
- the impact on the Company's funding costs, net interest income and net interest margin from changes in key variable market interest rates, competition, regulatory requirements and the Company's product mix;
- changes in the Company's costs of operation, compliance and expansion;
- the Company's ability to adopt and successfully integrate new initiatives or technologies into its business in a strategic manner;

- the impact of communications or technology disruption, failure in, or breach of, the Company's operational or security systems or infrastructure, or those of third-party vendors with which the Company does business, including as a result of cyber-attacks, and other similar matters which could result in, among other things, confidential, proprietary, or personally identifiable information being disclosed or misused, and materially impact the Company's ability to provide services to its clients;
- the adequacy of the Company's risk management framework, disclosure controls and procedures and internal control over financial reporting;
- future credit quality and performance, including the Company's expectations regarding future credit losses and allowance levels;
- the impact of adverse changes to the Company's credit ratings from major credit rating agencies;
- the impact of adverse judgments or settlements in litigation and other proceedings;
- the impact of political developments, pandemics, wars, civil unrest, terrorism or other hostilities that may disrupt or increase volatility in securities or otherwise affect business and economic conditions on the Company and its customers;
- heightened regulatory and governmental oversight and scrutiny of the Company's business practices, including dealings with consumers;
- the impact of reputational risk from negative publicity, fines, penalties and other negative consequences from regulatory violations, legal actions and the Company's interactions with business partners, counterparties, service providers and other third parties;
- the impact of regulatory investigations, regulatory agreements, supervisory criticisms, and enforcement actions;
- changes in accounting standards as may be required by the Financial Accounting Standards Board ("FASB") or other regulatory agencies and their impact on the Company's critical accounting policies and assumptions;
- the Company's capital requirements and its ability to generate capital internally or raise capital on favorable terms;
- the impact on the Company's liquidity due to changes in the Company's ability to receive dividends from its subsidiaries;
- any strategic acquisitions or divestitures and the introduction of new or expanded products and services;
- changes in the equity and debt securities markets;
- fluctuations in the Company's stock price;
- fluctuations in foreign currency exchange rates;
- the impact of increased focus on social, environmental and sustainability matters, which may affect the operations of the Company and its customers and the economy more broadly; and
- the impact of climate change, natural or man-made disasters or calamities, such as wildfires, droughts, hurricanes, flooding and earthquakes or other events that may directly or indirectly result in a negative impact on the financial performance of the Company and its customers.

For a more detailed discussion of some of the factors that might cause such differences, see *Item 1A. Risk Factors* presented elsewhere in this Form 10-K. You should treat forward-looking statements as speaking only as of the date they are made and based only on information then actually known to the Company. The Company does not undertake, and specifically disclaims, any obligation to update or revise any forward-looking statements to reflect the occurrence of events or circumstances after the date of such statements except as required by law.

ITEM 1. BUSINESS

Organization

East West is a bank holding company incorporated in Delaware on August 26, 1998, and is registered under the Bank Holding Company Act of 1956, as amended ("BHC Act"). The Company commenced business on December 30, 1998 when, pursuant to a reorganization, it acquired all of the voting stock of East West Bank ("East West Bank" or the "Bank"), which became its principal asset. East West's principal business is to serve as a holding company for the Bank and other banking or banking-related subsidiaries that East West may establish or acquire. As of December 31, 2023, the Company had $69.6 billion in total assets, $51.5 billion in total net loans, $56.1 billion in total deposits, and $7.0 billion in total stockholders' equity.

The Company operates in over 120 locations in the U.S. and Asia. In the U.S., the Bank's corporate headquarters and main administrative offices are located in California; its U.S. branches and offices are located in California, Texas, New York, Washington, Georgia, Massachusetts, Illinois and Nevada. In Asia, the Bank has four full-service branches in Hong Kong, Shanghai, Shantou and Shenzhen; five representative offices in Beijing, Chongqing, Guangzhou, Xiamen and Singapore; and administrative support offices in Beijing and Shanghai.

Strategy

We are committed to enhancing long-term stockholder value by growing loans, deposits and revenue, improving profitability, and investing for the future while managing risks, expenses and capital. Our business model is built on customer loyalty and engagement, understanding our customers' financial goals, and meeting our customers' financial needs through our diverse products and services. Our strategy focuses on seeking out and deepening client relationships that meet our risk/return parameters. This guides our decision-making across every aspect of our operations: the products and services we develop, the expertise we cultivate, and the infrastructure we build to help our customers conduct their businesses. We expect our relationship-focused business model to continue to generate organic growth from existing customers and to expand our targeted customer bases. We constantly invest in technology to improve the customer user experience, strengthen critical business infrastructure, and streamline core processes, while properly managing operating expenses. Our risk management activities are focused on ensuring that the Bank identifies and manages risks to sustain safety and soundness while maximizing profitability.

East West Bank has a commercial business operating license in China through its subsidiary, East West Bank (China) Limited, which makes it unique among U.S.-based regional banks. This license allows the Bank to open branches, make loans and collect deposits in the country. The Bank continues to develop its international banking presence in Asia with its network of overseas branches and representative offices. In addition to facilitating traditional letters of credit and trade financing to businesses, these representative offices allow the Bank to assist existing clients and develop new business relationships. Through its branches and offices, the Bank focuses on growing its cross-border client base between the U.S. and Asia, helping U.S.-based businesses expand in Asia, and assisting companies based in Asia pursue business opportunities in the U.S.

The Bank believes its customers benefit from the Bank's understanding of the Asian market through its physical presence, corporate and organizational ties in Asia, as well as the Bank's international banking products and services. The Bank believes this approach, combined with its senior management and Board of Directors' ties to Asian business opportunities and Asian American communities, provides the Bank with a competitive advantage. The Bank utilizes its presence overseas to identify and build corporate relationships, which the Bank may leverage to create business opportunities in California and other U.S. markets.

Banking Services

As of December 31, 2023, East West Bank was the largest independent commercial bank headquartered in Southern California based on total assets. The Bank is the largest independent bank in the U.S. focused on the financial service needs of individuals and businesses that operate both in the U.S. and Asia, and has a strong focus on the Asian American community. Through its network of over 120 banking locations in the U.S. and Asia, the Bank provides a wide range of personal and commercial banking services to individuals and businesses. The Bank provides services to its customers in English and in over 10 other languages. In addition to offering traditional deposit products that include personal and business checking and savings accounts, money market, and time deposits, the Bank also offers foreign exchange, treasury management and wealth management services. The Bank's lending activities include commercial and residential real estate lending, construction finance, commercial business lending, working capital lines of credit, trade finance, letters of credit, affordable housing lending, asset-based lending, asset-backed finance, project finance, equipment financing and loan syndication. The Bank also provides financing services to clients to facilitate their business transactions between the U.S. and Asia. Additionally, to support the business needs of its customers, the Bank offers hedging advisory and various derivative contracts such as interest rate, energy commodity and foreign exchange contracts.

The integration of digital with brick-and-mortar channels has been an area of investment for the Bank, for both commercial and consumer banking. Our strategic priorities include the use of technology to innovate and expand commercial payments, treasury management products and services, and consumer banking. We have developed mobile and online banking platforms, which are continually enhanced to enrich our customer user experience, and which offer a full suite of banking services tailored to our customers' unique needs. In our view, the omnichannel banking service approach increases efficiency and deepens customer relationships.

Operating Segments

The Bank's three operating segments, (1) Consumer and Business Banking, (2) Commercial Banking and (3) Other, are based on the Bank's core strategy. The Consumer and Business Banking segment primarily provides financial products and services to consumer and commercial customers through the Company's domestic branch network and digital banking platforms. The Commercial Banking segment primarily generates commercial loans and deposits. The remaining centralized functions, including the corporate treasury activities of the Company and eliminations of inter-segment amounts, are aggregated and included in the Other segment. For complete discussion and disclosure, see *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") — Results of Operation — Operating Segment Results* and *Note 17 — Business Segments* to the Consolidated Financial Statements in this Form 10-K.

Competition

The Bank operates in a highly competitive environment. The Company faces intense competition from domestic and foreign lending institutions, numerous other financial services providers and other entities, including as a result of emerging technologies. Competition is based on a number of factors including, among others, customer service and convenience, quality and range of products and services offered, reputation, fees, interest rates on loans and deposits and lending limits. Competition also varies based on the types of customers and locations served. The Company is a leader of banking market share in the Asian American community. The Company maintains a differentiated presence within selected markets by providing cross-border commercial banking expertise to customers between the U.S. and Asia.

While the Company believes it is well positioned within a highly competitive industry, the industry could become even more competitive as a result of legislative, regulatory, economic, and technological changes, as well as continuing consolidation.

Human Capital

As a company that delivers relationship-driven financial solutions to a diverse customer base, we believe the strength of our workforce is one of the most significant contributors to our success. Our key human capital objectives are to attract, develop and retain quality talent who embody our values and enable us to serve our customers. To achieve these objectives, our human resource programs have been designed based on our core values and the attributes we seek to foster, which include absolute integrity; customer orientation; creativity; respect and fairness; teamwork; expertise and professionalism; and selflessness. We use these core values to better service our customers and prepare our employees for leadership positions and to advance their careers. We are also committed to promoting diversity in employment and advancement, and recognizing our employees for their contributions and service to our bank.

As of December 31, 2023, we had 3,206 full-time equivalent employees, of which 229 were located in China, Hong Kong and Singapore. Nearly all of our workforce were full-time employees, predominantly located in our core markets of California, Texas and New York. The Company's compensation and employee benefits expense was $509 million and $478 million, or 50% and 56% of total noninterest expense in 2023 and 2022, respectively. None of our employees are subject to a collective bargaining agreement.

Diversity and Inclusion

East West Bank was founded in 1973 in Chinatown, Los Angeles, California as a savings & loan association for immigrants who were underserved by mainstream banks. As of December 31, 2023, the Bank was the largest FDIC-insured, minority-operated depository institution headquartered in the U.S., serving communities with diverse ethnicities and socio-economic backgrounds in eight states across the nation. Our operations are concentrated in areas that include larger numbers of immigrants and minorities. We proudly offer home loans and other products and services that support low-to-moderate income, minority and immigrant communities. We also provide community development loans, and partner with a diverse list of nonprofit and community-based organizations to promote wealth generation and entrepreneurship in underserved communities. Our focus on basic, fair-priced products and alternative credit criteria supports the under-banked, which is part of our founding mission. In addition, given our diverse customer base and the diversity of the communities that we serve, our retail bankers are able to assist customers in English and in over 10 other languages.

Promoting diversity and inclusion in our workforce and executive leadership is critical to our continued growth and success, and is at the core of our guiding principles. Our commitment to this mission is reflected in the composition of our employees. In addition, we have adopted an Environmental and Social Policy Framework that governs our mission to support diversity, and formed an LGBTQ+ & Allies employee resource group in addition to our two existing employee resource groups that focus on cultural awareness and empowering women to pursue leadership development and opportunities. As of December 31, 2023, the composition of our workforce was as follows:

	% of Total Workforce	% of Total Managers
Gender [(1)]:		
Female	62%	58%
Male	38%	42%
Race/ethnicity:		
Minorities:		
Asian minorities	74%	74%
Non-Asian minorities	15%	12%
White	11%	14%

(1) Presented as a percentage of the respective populations who self-identified.

To put our diversity in context, minorities made up 46% of the workforce and 18% of the managers of FDIC-regulated institutions, according to the most recently available 2020 Diversity Self-Assessment from the FDIC's Financial Institution Diversity Self-Assessment program. Our organizational commitment to diversity, under the leadership and oversight of our Board of Directors, is further reflected by the composition of our 11-member Board, which is presented in the following table as of December 31, 2023. This commitment to diversity was acknowledged in *Bank Director's* 2022 "RankingBanking" study, in which we received the "Best Board" ranking due to our strong corporate governance practices, and the diversity and expertise of our directors.

	Female	Male
Race/ethnicity:		
Minorities:		
Asian minorities	2	2
Non-Asian minorities	1	2
White	—	4
Sexual orientation:		
LGBTQ+	—	1

Talent Acquisition, Development, Promotion and Engagement

An experienced and well-qualified workforce is essential to delivering high quality and reliable banking services to our customers and to managing the Company in a safe and sound manner. We endeavor to attract, develop, and retain diverse, motivated talent as part of our ongoing commitment to building a stronger workforce to serve our customers and communities. As a result, we were able to continue our quality hiring efforts with over 500 external new hires in 2023.

The focus on leadership development and promoting from within is a critical part of our succession planning for key roles throughout the organization and fostering organizational stability. We recognize the importance of employee development and career growth in fostering retention of our employees, which is one of the Company's strategic objectives. In 2023, 18% of our employees advanced their careers within the Bank through over 550 internal promotions or new opportunities. We provide a variety of resources to help all employees grow in their current roles and build new skills for future advancement, including the encouragement of continuing education and providing benefits such as tuition reimbursement.

We celebrate our employees' dedicated years of service to the Bank through our Milestone Anniversary Program, which offers rewards and recognition through gifts and events when our employees reach certain service milestones. As of December 31, 2023, approximately 300 of our employees have celebrated 20 years or more of service. In 2023, we commemorated our 50th anniversary. With our employees' commitment, strength, expertise and contribution, we earned the "No. 1 Performing Bank" ranking in the $50 billion and above asset category in Bank Director's 2023 RankingBanking study. We were also ranked among the top 5 in Fortune's Best Workplaces for Women in 2023 and were named one of Newsweek's 100 Most Loved Workplaces in 2022 and 2023. We were also recognized as one of five banks featured in ARTnews' 75 Top Art World Professionals in 2023.

Fair and Equitable Compensation

Our compensation and benefits program provides both short- and long-term awards, incentivizing performance, and aligning employee and stockholder interests. Employee compensation packages include a competitive base salary and, subject to Company and individual performance, may include an annual cash and stock incentive bonus. We are committed to fair and equitable compensation programs, and regularly assess the current business environment and labor markets to review our compensation and benefits program for pay equity. We sponsor a 401(k) plan for U.S. employees, provide a Company matching contribution, and maintain other defined contribution retirement plans. As of December 31, 2023, 98% of employees participated in our 401(k) plan.

To foster a strong sense of ownership and to align the interests of our employees with our stockholders, restricted stock units are awarded to eligible employees under our stock incentive programs. We also award stock grants under our "Spirit of Ownership" program to all of our employees, regardless of job title or part-time/full-time status. The program allows each employee to share directly in the success they help create. The fact that all our employees are also owners is a source of pride for us. In 2023, the Company granted over 600 thousand restricted stock units as part of its stock compensation programs.

Health and Well-being

We are committed to supporting our employees' well-being by offering flexible and competitive benefits. We offer a hybrid schedule to promote flexibility and enhance productivity among our associates. Comprehensive health insurance coverage (medical, dental and vision) is offered to employees working at least 30 hours each week. We offer life insurance, disability insurance, parental leave, wellness and benefits programs designed to assist employees in maintaining a healthy work-life balance, paid time off such as vacation hours, and 10 days of annual sick time, which is more than the required allotment from any of the states in which we do business. We also offer an Employee Assistance Program, which aids benefits-eligible employees and their household members with personal and professional issues. We apply a consistent approach towards employee policies, opportunities, benefits, and protections to all employees regardless of their locations, except if there are contradictions between individual state laws.

Commitment to Community

We are committed to making positive and lasting impacts in our communities through our business activities and our volunteer and charitable efforts. We aim to enhance the quality of life in our communities by engaging in meaningful and effective programs that help increase homeownership, preserve affordable housing, promote wealth building, enable more inclusive access to banking services and help alleviate homelessness. We are a vital part of the communities in which we live and work, and we encourage our employees to engage with our local communities by leading or participating in events to foster community development.

Information about our Executive Officers

The following table presents the Company's executive officers' names, ages, positions and offices, and business experience during the last five years as of February 28, 2024. There is no family relationship between any of the Company's executive officers or directors. The Board of Directors of the Company appointed each of the executive officers.

Name	Age	Positions and Offices, and Business Experience
Dominic Ng	65	Chairman and Chief Executive Officer of the Company and the Bank since 1992.
Christopher J. Del Moral-Niles	53	Executive Vice President and Chief Financial Officer of the Company and the Bank since October 2023; 2012 - 2022 Executive Vice President and Chief Financial Officer of Associated Bancorp and Associated Bank, N.A.
Irene H. Oh	46	Executive Vice President and Chief Risk Officer of the Company and the Bank since October 2023; 2010 - 2023: Executive Vice President and Chief Financial Officer of the Company and the Bank.
Lisa L. Kim	59	Executive Vice President, General Counsel and Corporate Secretary of the Company and the Bank since 2020; 2014 - 2020: Executive Vice President, General Counsel and Secretary of Cathay General Bancorp and Cathay Bank.
Douglas P. Krause	67	Vice Chairman and Chief Corporate Officer of the Company and the Bank since 2020; 2018 - 2020: Executive Vice President, General Counsel and Corporate Secretary; 2010 - 2018: Executive Vice President, Chief Risk Officer and General Counsel.
Parker Shi	54	Executive Vice President and Chief Operating Officer of the Company and the Bank since December 2021; June 2021 - November 2021: Executive Vice President & Chief Strategy, Growth and Technology Officer; March 2021 - June 2021: Consultant of the Bank; 2020: Senior Advisor at PharmScript; 2018 - 2019: Senior Managing Director at Accenture; 2013 - 2018: Senior Partner at McKinsey & Company.
Gary Teo	51	Executive Vice President and Chief Human Resources Officer of the Company and the Bank since February 2022; 2015 - 2022: Senior Vice President and Head of Human Resources.

Supervision and Regulation

Overview

East West and the Bank are subject to extensive and comprehensive regulations under U.S. federal and state laws. Regulation and supervision by the federal and state banking agencies are intended primarily for the protection of depositors, the Deposit Insurance Fund ("DIF") administered by the FDIC, consumers, and the banking system as a whole, and not for the protection of our investors. As a bank holding company, East West is subject to primary regulation, supervision, and examination by the Federal Reserve under the BHC Act. The Bank is regulated, supervised, and examined by the Federal Reserve, the DFPI, and, with respect to consumer laws, the CFPB. As the insurer of the Bank's deposits, the FDIC has back-up examination authority of the Bank as well. In addition, the Bank and its wholly-owned subsidiary, East West Bank (China) Limited, are regulated by foreign regulatory agencies in international jurisdictions where we have a presence, including China, Hong Kong and Singapore. East West also has a wholly-owned nonbank subsidiary, East West Markets, LLC ("East West Markets"), which is an SEC-registered broker-dealer and a member of the Financial Industry Regulatory Authority, Inc. ("FINRA"). East West Markets is subject to regulatory requirements from several regulatory bodies, including the SEC, FINRA, and state securities regulators.

The Company is also subject to the disclosure and regulatory requirements under the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations adopted by the SEC thereunder. Our common stock is listed on the Nasdaq Global Select Market under the trading symbol "EWBC" and subject to Nasdaq rules for listed companies.

Described below are certain provisions of selected statutes and regulations applicable to East West and the Bank. The descriptions are not intended to be complete, nor are they meant to fully address the statutes and regulations' effects and potential effects on East West and the Bank, and the descriptions are qualified in their entirety by reference to the full text of the statutes and regulations. A change in applicable statutes, regulations or regulatory policies may have a material effect on the Company's business.

East West

As a bank holding company and pursuant to its election of financial holding company status, East West is subject to regulation, supervision, and examination by the Federal Reserve under the BHC Act. The BHC Act provides a federal framework for the regulation and supervision of bank holding companies and their nonbank subsidiaries. The BHC Act and other federal statutes grant the Federal Reserve authority to, among other things:

- require periodic reports and such additional information as the Federal Reserve may require in its discretion;
- require bank holding companies to maintain certain levels of capital and, under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), limit the ability of bank holding companies to pay dividends or bonuses unless their capital levels exceed the capital conservation buffer (see the section captioned *"Regulatory Capital Requirements"* included elsewhere under this item);
- require bank holding companies to serve as a source of financial and managerial strength to subsidiary banks and commit resources, as necessary, to support each subsidiary bank, including at times when bank holding companies may not be inclined to do so, and the failure to do so generally may be considered by the Federal Reserve to be an unsafe and unsound banking practice and a violation of Federal Reserve regulations;
- restrict dividends and other distributions from subsidiary banks to their parent bank holding companies;
- require bank holding companies to terminate an activity or terminate control of or liquidate or divest certain nonbank subsidiaries, affiliates or investments if the Federal Reserve believes that the activity, ownership, or control of the nonbank subsidiary or affiliate constitutes a serious risk to the financial safety, soundness or stability of the bank holding company, or if the activity, ownership, or control is inconsistent with the purposes of the BHC Act;
- regulate provisions of certain bank holding company debt, including by imposing interest ceilings and reserve requirements and requiring a bank holding company to obtain prior approval to purchase or redeem its securities in certain situations;
- approve in advance senior executive officer or director changes and prohibit certain golden parachute payments to officers and employees, including change in control agreements and new employment agreements, that are contingent upon termination; and
- approve in advance the acquisitions of and mergers with bank holding companies, banks and other financial companies, and consider competitive, managerial resources, financial stability and other factors in granting these approvals. DFPI approval may also be required for certain acquisitions and mergers involving a California state-chartered bank such as the Bank.

East West has elected to be a financial holding company as permitted under the Gramm-Leach-Bliley Act of 1999 ("GLBA"). Financial holding companies are generally allowed to engage in any activity that the Federal Reserve has determined to be financial in nature or incidental or complementary to activities that are financial in nature, or acquire and retain the shares of a company engaged in any such activity, without prior Federal Reserve approval. Activities that are considered financial in nature include securities underwriting and dealing, insurance agency and underwriting, merchant banking activities and activities that the Federal Reserve, in consultation with the U.S. Secretary of the Treasury, determines to be financial in nature or incidental to such financial activity. To maintain financial holding company status and continue to be able to engage in new activities or investments that are financial in nature, a financial holding company and all its depository institution subsidiaries must be "well capitalized" and "well managed," and the financial holding company's depository institution subsidiaries must have Community Reinvestment Act ("CRA") ratings of at least "Satisfactory." A depository institution subsidiary is considered "well capitalized" if it satisfies the requirements for this status discussed in the sections captioned "*Regulatory Capital Requirements*" and "*Prompt Corrective Action*," included elsewhere under this item. A depository institution subsidiary is considered "well managed" if it received a composite rating and a management rating of at least "Satisfactory" in its most recent examination. See the section captioned "*Community Reinvestment Act*" included elsewhere under this item.

The Bank and its Subsidiaries

East West Bank is a California state-chartered bank and a member of the Federal Reserve System, and its deposits are insured by the FDIC. The Bank's operations in the U.S. are primarily regulated and supervised by the Federal Reserve and the DFPI, and its activities outside the U.S. are regulated and supervised by its U.S. regulators and the applicable regulatory authority in the host country in which each overseas office is located. Specific federal and state laws and regulations that are applicable to banks monitor, among other things, their regulatory capital levels, the scope of their business, their investments, their reserves against deposits, the timing of the availability of deposited funds, and the nature and amount of collateral for certain loans. Bank regulatory agencies also have extensive discretion to impose various restrictions on management or operations and to issue policies and guidance in connection with their supervisory and enforcement activities and examination policies. California law permits state-chartered commercial banks to engage in any activity permissible for national banks, unless such activity is expressly prohibited by state law. The Bank may also form subsidiaries to engage in many activities commonly conducted by national banks in operating subsidiaries. Further, pursuant to the GLBA, the Bank may conduct certain "financial" activities in a subsidiary to the same extent permitted for a national bank, provided the Bank is "well capitalized" and "well managed" and has a CRA rating of at least "Satisfactory."

Regulation of Foreign Subsidiaries and Branches

The Bank's foreign subsidiary, East West Bank (China) Limited, is subject to applicable foreign laws and regulations, such as those implemented by the PBOC and the NAFR. East West Bank's Hong Kong branch is subject to applicable foreign laws and regulations, such as those implemented by the HKMA and the HKSFC. The Bank's Singapore representative office is subject to applicable foreign laws and regulations, such as those implemented by the MAS.

Regulatory Capital Requirements

The federal banking agencies have imposed capital adequacy requirements, known as the Basel III Capital Rules, intended to ensure that banking organizations maintain capital that is commensurate with the degree of risk associated with their operations. The Basel III Capital Rules define the components of regulatory capital, including Common Equity Tier 1 ("CET1"), Tier 1 and 2 capital, and set forth minimum capital adequacy ratios of capital to risk-weighted assets and total assets. The Basel III Capital Rules also prescribe a standardized approach for risk-weighting assets and include a number of risk-weighting categories that affect the denominator in banking institutions' regulatory capital ratios.

Under the Basel III Capital Rules, to be considered adequately capitalized, standardized approach banking organizations, such as the Company and the Bank are required to maintain minimum capital ratios of at least 4.5% CET1 capital to risk-weighted assets, 6.0% Tier 1 capital to risk-weighted assets, 8.0% total risk-based capital (i.e., Tier 1 plus Tier 2 capital) to risk-weighted assets and a 4.0% Tier 1 leverage ratio of Tier 1 capital to average total consolidated assets. The Basel III Capital Rules also include a "capital conservation buffer" of 2.5% on top of each of the minimum risk-based capital ratios. Banking institutions with a risk-based capital ratio that meets or exceeds the minimum requirement but does not exceed the capital conservation buffer will face constraints on dividends, equity repurchases and discretionary bonus payments based on the amount of the shortfall. As of December 31, 2023, the Company's and the Bank's capital ratios exceeded the minimum capital adequacy requirements of the federal banking agencies, including the capital conservation buffer, and the Company and the Bank were classified as "well capitalized." For additional discussion and disclosure see *Item 7. MD&A — Regulatory Capital and Ratios* and *Note 16 — Regulatory Requirements and Matters* to the Consolidated Financial Statements in this Form 10-K.

The Bank is also subject to additional capital requirements under the Prompt Corrective Action ("PCA") regulations that implement Section 38 of the Federal Deposit Insurance Act ("FDIA"), as discussed below under the *Prompt Corrective Action* section.

Regulatory Capital-Related Developments

From time to time, the regulatory agencies propose changes and amendments to, and issue interpretations of, risk-based capital requirements and related reporting instructions. Such proposals and interpretations could, if implemented in the future, affect our regulatory capital requirements and reported capital ratios.

Pursuant to the five-year transition rule approved by the U.S. federal banking agencies in March 2020, the effects of the current expected credit loss accounting standard ("CECL") on the Company's and the Bank's regulatory capital were delayed through the year 2021, after which the effects are being phased-in over a three-year period from January 1, 2022 through December 31, 2024. For additional discussion and disclosure on CECL, see *Item 7. MD&A — Regulatory Capital and Ratios* and *Note 16 — Regulatory Requirements and Matters* to the Consolidated Financial Statements in this Form 10-K.

On July 27, 2023, the federal banking agencies jointly released a proposed rule to implement the international capital standards issued by the Basel Committee on Banking Supervision and known as "Basel III Endgame." The Basel III Endgame proposal would revise the capital framework applicable to large banking organizations with $100 billion or more in total consolidated assets or with significant trading activity and, if finalized, would likely result in meaningfully increased capital requirements for those organizations. The Company has total consolidated assets of less than $100 billion and does not have significant trading activity, and therefore would not be subject to the Basel III Endgame requirements if they are finalized as proposed. However, by imposing additional costs on banking organizations with $100 billion or more in total consolidated assets, this rule proposal could reduce the benefits of growth beyond that size for a banking organization that has less than $100 billion in total consolidated assets, such as the Company.

Prompt Corrective Action

The FDIA, as amended, requires federal banking agencies to take PCA with respect to insured depository institutions ("IDIs") that do not meet minimum capital requirements. The FDIA includes the following five capital tiers: "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized" and "critically undercapitalized." A depository institution's capital tier will depend upon how its capital levels compare with various relevant capital measures and certain other factors, as established by regulations. The capital tiers in the PCA framework do not apply directly to bank holding companies (such as the Company). Under the federal banking agencies' regulations implementing the PCA provisions of the FDIA, an IDI (such as the Bank) generally is classified in the following categories based on the capital measures indicated:

	Risk-Based Capital Ratios			
PCA Category	**Total Capital**	**Tier 1 Capital**	**CET1 Capital**	**Tier 1 Leverage**
Well capitalized [(1)]	≥ 10%	≥ 8%	≥ 6.5%	≥ 5%
Adequately capitalized	≥ 8%	≥ 6%	≥ 4.5%	≥ 4%
Undercapitalized	< 8%	< 6%	< 4.5%	< 4%
Significantly undercapitalized	< 6%	< 4%	< 3.0%	< 3%
Critically undercapitalized	Tangible equity/Total assets ≤ 2%			

(1) Additionally, to be classified as "well capitalized", an IDI may not be subject to any written agreement, order, capital directive, or PCA directive issued by its primary federal regulator to meet and maintain a specific capital level for any capital measure.

An institution may be downgraded to, or deemed to be in, a capital category that is lower than indicated by its capital ratios, if it is determined to be in an unsafe or unsound condition or if it receives an unsatisfactory examination rating with respect to certain matters. A bank's capital category is determined solely for the purpose of applying PCA regulations and the capital category may not constitute an accurate representation of the bank's overall financial condition or prospects for other purposes.

The FDIA generally prohibits a depository institution from making any capital distributions (including payment of any dividend) or paying any management fee to its parent holding company, if the depository institution would thereafter be "undercapitalized." Undercapitalized institutions are subject to growth limitations and are required to submit capital restoration plans. If a depository institution fails to submit an acceptable plan, it is treated as if it is "significantly undercapitalized." Significantly undercapitalized depository institutions may be subject to several requirements and restrictions, including orders to sell sufficient voting stock to become "adequately capitalized," requirements to reduce total assets, cessation of receipt of deposits from correspondent banks and/or restrictions on interest rates paid on deposits. "Critically undercapitalized" institutions are subject to the appointment of a receiver or conservator. The FDIA also generally permits only "well capitalized" IDIs to accept brokered deposits, although an "adequately capitalized" institution may apply to the FDIC for a waiver of this restriction.

Economic Growth, Regulatory Relief, and Consumer Protection Act and Stress Testing

In May 2018, the enactment of the Economic Growth, Regulatory Relief, and Consumer Protection Act ("EGRRCPA") amended certain provisions in the Dodd-Frank Act and other statutes administered by the Federal Reserve and other federal banking agencies. The EGRRCPA lifted the asset size threshold for many of the Dodd-Frank Act enhanced prudential standards that had previously applied to banks and bank holding companies with total consolidated assets between $50 billion and $100 billion, except for the requirement to maintain a risk committee. The EGRRCPA also raised the asset size threshold for required company-run stress testing at banks and bank holding companies from $10 billion to $250 billion. Additionally, based on authority provided in the EGRRCPA, the Federal Reserve raised the asset size threshold for required supervisory stress testing at bank holding companies from $50 billion to $100 billion. Although the Company and the Bank are not required to conduct company-run or supervisory stress tests, we continue to conduct annual capital and quarterly liquidity stress tests.

Consumer Financial Protection Bureau Supervision

The Dodd-Frank Act established the CFPB, which has the authority to implement, examine and enforce compliance with federal consumer financial laws that apply to banking institutions with total consolidated assets exceeding $10 billion (such as the Bank) and their affiliates. The CFPB focuses its supervisory, examination, and enforcement efforts on, among other things:

- risks to consumers and compliance with federal consumer financial laws when evaluating the policies and practices of a financial institution;
- unfair, deceptive, or abusive acts or practices;
- rulemaking to implement various federal consumer statutes such as the Home Mortgage Disclosure Act, Truth in Lending Act, Real Estate Settlement Procedures Act, Electronic Fund Transfer Act, Equal Credit Opportunity Act, Fair Credit Billing Act, and the Consumer Financial Protection Act; and
- the markets in which firms operate and risks to consumers posed by activities in those markets.

The statutes and regulations that the CFPB enforces mandate certain disclosure and other requirements, and regulate the manner in which financial institutions must deal with consumers when taking deposits, making loans, collecting payments on loans, and providing other services. The CFPB's rulemaking, examination and enforcement authority has affected and will continue to impact financial institutions that provide consumer financial products and services, including the Company and the Bank. These regulatory activities may limit the types of financial services and products the Company may offer. Failure to comply with federal and state laws prohibiting unfair, abusive, or fraudulent business practices, untrue or misleading advertising and unfair competition, can subject the Bank to various penalties, including, but not limited to, enforcement actions, injunctions, fines or criminal penalties, punitive damages, restitution to consumers, and the loss of certain contractual rights or business opportunities and may also result in significant reputational harm.

Federal Home Loan Bank and the Federal Reserve's Reserve Requirements

The Bank is a member of the Federal Home Loan Bank ("FHLB") of San Francisco. As an FHLB member, the Bank is required to own a certain amount of capital stock in the FHLB. The Bank may also access the FHLB for both short- and long-term secured credit.

The Federal Reserve requires all depository institutions to maintain reserves at specified levels against their transaction accounts either in the form of vault cash or an interest-bearing account at the Federal Reserve Bank, or a pass-through account as defined by the Federal Reserve. Effective March 26, 2020, the Federal Reserve reduced reserve requirement ratios to zero percent, eliminating the reserve requirement for all depository institutions, an action that provides liquidity in the banking system to support lending to households and businesses. The Bank is a member bank and stockholder of the Federal Reserve Bank of San Francisco ("FRBSF").

Dividends and Other Transfers of Funds

The principal source of liquidity of East West is dividends received from the Bank. The Bank is subject to various statutory and regulatory restrictions on its ability to pay dividends. In addition, the banking agencies may prohibit or limit the Bank from paying dividends, depending upon the Bank's financial condition, if such payment is deemed to constitute an unsafe or unsound practice. Furthermore, under the federal PCA regime, the Federal Reserve or FDIC may prohibit a bank holding company from paying any dividends if the holding company's bank subsidiary is classified as "significantly undercapitalized" or, in some circumstances, "undercapitalized." It is the Federal Reserve's policy that a bank holding company should generally pay dividends on common stock only if the company's net income available to common stockholders over the past four quarters, net of distributions, would be sufficient to fully fund the dividends, and if the prospective rate of earnings retention appears consistent with the company's capital needs, asset quality and overall financial condition. It is also the Federal Reserve's policy that a bank holding company should not maintain dividend levels that undermine the company's ability to be a financial source of strength to its banking subsidiaries. The Federal Reserve requires bank holding companies to continuously review their dividend policy in light of their organizations' financial condition and in compliance with regulatory capital requirements, and has discouraged payment ratios that are at maximum allowable levels, unless both asset quality and capital are strong.

Transactions with Affiliates and Insiders

Pursuant to Sections 23A and 23B of the Federal Reserve Act, as implemented by the Federal Reserve's Regulation W, banks are subject to restrictions that limit their ability to engage in transactions with their affiliates, including their parent bank holding companies. Regulation W limits the types, terms and amounts of these transactions and generally requires the transactions to be on an arm's-length basis. In general, Regulation W requires that "covered transactions," which include a bank's extension of credit to or purchase of assets from an affiliate, be limited to 10% of the bank's capital and surplus with respect to any one affiliate, and 20% of the bank's capital and surplus with respect to the aggregate of all covered transactions with all affiliates. In addition, a bank generally may not extend credit to an affiliate unless the extension of credit is secured by specified amounts of collateral. The Dodd-Frank Act expanded the coverage and scope of the limitations on affiliate transactions, including by treating derivative transactions resulting in a bank's credit exposure to an affiliate as covered transactions. In addition, the Volcker Rule under the Dodd-Frank Act establishes certain prohibitions, restrictions and requirements (known as "Super 23A" and "Super 23B") on transactions between a covered fund and a banking entity that serves as an investment manager, investment adviser, organizer and offeror, or sponsor with respect to that covered fund, regardless of whether the banking entity has an ownership interest in the fund.

Federal law also limits a bank's authority to extend credit to its directors, executive officers and principal stockholders, as well as to entities controlled by such persons (collectively, "insiders"). Among other things, extensions of credit to insiders are required to be made on terms that are substantially the same as, and follow credit underwriting procedures that are not less stringent than, those prevailing for comparable transactions with unaffiliated persons. The terms of such extensions of credit may not involve more than the normal risk of repayment or present other unfavorable features and may not exceed certain limitations on the amount of credit extended to such persons, individually and in the aggregate, which limits are based, in part, on the amount of the bank's capital.

Community Reinvestment Act

Under the CRA, an IDI has a continuing and affirmative obligation to help serve the credit needs of its communities, including low- and moderate-income borrowers and neighborhoods. The Federal Reserve periodically evaluates a state member bank's performance under applicable performance criteria and assign a rating of "outstanding," "satisfactory," "needs to improve" or "substantial noncompliance." The Federal Reserve takes this performance into account when reviewing applications by banks and their parent companies to expand branches, relocate, add subsidiaries and affiliates, expand into new financial activities and merge with or acquire other financial institutions. Unsatisfactory CRA performance may result in the denial of such applications. Based on the most recent CRA examination as of March 8, 2021, the Bank was rated "outstanding".

On October 24, 2023, the federal banking agencies issued a final rule revising their framework for evaluating banks' records of community reinvestment under the CRA. Under the revised framework, banks with assets of at least $2 billion, such as the Bank, are considered large banks and their retail lending, retail services and products, community development financing, and community development services will be subject to periodic evaluation. Depending on a large bank's geographic distribution of lending, the evaluation of retail lending may include assessment areas in which the bank extends loans but does not operate any deposit-taking facilities, in addition to assessment areas in which the bank has deposit taking facilities. The rule becomes effective April 1, 2024. Compliance with most provisions of the final rule will be required beginning January 1, 2026, and compliance with the remaining provisions will be required beginning January 1, 2027. The Company is evaluating the impact of the final rule.

FDIC Deposit Insurance Assessments

The FDIC insures the Bank's customer deposits through the DIF up to $250,000 for each depositor, per FDIC-insured bank, for each account ownership category. The DIF is funded mainly through quarterly insurance assessments on insured banks based on their assessment base. The Dodd-Frank Act revised the FDIC's fund management authority by establishing a minimum Designated Reserve Ratio of 1.35 percent of total estimated insured deposits and redefining the assessment base to be calculated as average consolidated total assets minus average tangible equity. The Bank's DIF quarterly assessment is calculated by multiplying its assessment base by the applicable assessment rate. The assessment rate is calculated based on an institution's risk profile, including capital adequacy, asset quality, management, earnings, liquidity and sensitivity to market risk ratings, certain financial measures to assess an institution's ability to withstand asset related stress and funding related stress, and a measure of loss severity that estimates the relative magnitude of potential losses to the FDIC in the event of the Bank's failure.

In October 2022, the FDIC adopted a final rule, applicable to all IDIs, to increase the initial base deposit insurance assessment rate schedules uniformly by two basis points ("bps") to increase the likelihood that the DIF reserve ratio reaches the statutory minimum of 1.35 percent by the statutory deadline of September 30, 2028. The increase in rates took effect in the first quarterly assessment period of 2023.

In November 2023, the FDIC approved a final rule to implement a special deposit insurance assessment to recover losses to the DIF arising from the protection of uninsured depositors following the receiverships of failed institutions in the spring of 2023. Under the final rule, the assessment base for the special assessment is equal to an IDI's estimated uninsured deposits, reported for the quarter ended December 31, 2022, minus the first $5 billion in estimated uninsured deposits. The FDIC will collect the special assessment over eight quarterly assessment periods starting with the first quarter of 2024, at a quarterly rate of 3.36 bps. The Company recognized the entire assessment expense of approximately $70 million in the fourth quarter of 2023. Depending on future adjustments to the DIF's estimated loss, the FDIC has retained the ability to cease collection early, extend the special assessment collection period, or impose a one-time final shortfall assessment.

The FDIC may terminate a depository institution's deposit insurance upon a finding that the institution's financial condition is unsafe or unsound, that the institution has engaged in unsafe or unsound practices, or that the institution has violated any applicable rule, regulation, condition, or order imposed by the FDIC.

Bank Secrecy Act and Anti-Money Laundering

The Bank Secrecy Act ("BSA"), Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001 ("PATRIOT Act"), the Anti-Money Laundering Act of 2020 and other federal laws and regulations impose obligations on U.S. financial institutions to implement and maintain a program reasonably designed to prevent, detect and report money laundering and the financing of terrorism, verify the identity of their customers, and comply with recordkeeping and other requirements. Regulatory agencies require that the Bank have an effective governance structure for the program that includes effective oversight by our Board of Directors and management. We regularly evaluate and continue to enhance our program to comply with the BSA, the PATRIOT Act and other anti-money laundering ("AML") laws, regulations and initiatives. Failure of a financial institution to maintain and implement adequate BSA/AML programs, or to comply with all applicable laws or regulations, could have serious legal, compliance, operational, financial and reputational consequences for the institution.

Office of Foreign Assets Control Regulation

The U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") is responsible for helping to ensure that U.S. financial institutions do not engage in transactions with certain prohibited parties, as defined by various executive orders and Acts of Congress. Federal banking regulators also examine banks for compliance with regulations administered by the OFAC for economic sanctions against designated foreign countries, designated nationals, and others. OFAC publishes lists of persons and organizations suspected of aiding, harboring or engaging in terrorist acts, known as Specially Designated Nationals and Blocked Persons. Generally, if a bank identifies a transaction or account relating to a person or entity on an OFAC list, it must freeze the account or block the transaction, file a suspicious activity report and notify the appropriate authorities. Failure to comply with these sanctions could have serious legal, compliance, operational, financial, and reputational consequences, and result in civil monetary penalties on the Company and the Bank.

Privacy and Cybersecurity

Federal statutes and regulations, including the GLBA, require banking organizations to take certain actions to protect nonpublic consumer financial information. The Bank has a privacy policy that it must disclose to consumers annually. In some cases, the Bank must obtain a consumer's consent before sharing information with an unaffiliated third party, and the Bank must allow a consumer to opt out of the Bank's sharing of information with its affiliates for marketing and certain other purposes. These additional conditions affect the Bank's information exchanges with credit reporting agencies. The Bank's privacy practices and the effectiveness of its systems to protect consumer privacy are subjects covered in the Federal Reserve's periodic compliance examinations.

The Federal Reserve and state regulators, as well as the SEC, CFPB and other self-regulatory organizations, regularly issue guidance on cybersecurity practices and procedures that is intended to enhance cybersecurity risk management among financial institutions and their holding companies and affiliates. For example, the interagency council of the federal banking agencies, the Federal Financial Institutions Examination Council ("FFIEC"), has issued several policy statements and other guidance for banks in light of the growing risk posed by cybersecurity threats. The FFIEC has recently focused on such matters as compromised customer credentials, cyber resilience and business continuity planning. Examinations by the banking agencies now include review of an institution's information technology and its ability to thwart or mitigate cyber-attacks. The federal banking agencies require banking organizations to notify their primary federal regulator of significant computer security incidents within 36 hours of determining that such an incident has occurred. Effective December 2023, the SEC also has imposed Form 8-K disclosure obligations for a material cybersecurity incident, among other cybersecurity related disclosure obligations.

Consumer data privacy and data protection are also the subject of state laws. For example, the Bank is subject to the California Consumer Privacy Act ("CCPA"). This statute grants consumers several rights, including the right to request disclosure of information collected about them and whether that information has been sold or shared with others, the right to request correction of information, the right to request deletion of personal information (subject to certain exceptions), and the right to opt out of the sale of their personal information. However, a consumer does not have these rights with respect to information that is collected, processed, sold, or disclosed pursuant to the GLBA or the California Financial Information Privacy Act. The CCPA was amended by the California Privacy Rights Act. A new agency, the California Privacy Protection Agency, was established to enforce California privacy law.

The privacy and data protection regime in China is in a period of change and there has been significant activity in the field of privacy and cybersecurity legislation in recent years. The Personal Information Protection Law ("PIPL"), the Cybersecurity Law and the Data Security Law form a regulatory framework for privacy and data protection in China. The PIPL establishes guiding principles on the protection of a Chinese citizen's personal information and applies to entities operating in China, foreign organizations, and individuals processing personal information outside China. The Cybersecurity Law focuses on cybersecurity concerns and requires network operators to implement measures to safeguard the security of networks and systems. The Data Security Law complements the PIPL and Cybersecurity Law by addressing broader data security issues, emphasizing the protection of critical data infrastructure and promoting a risk-based approach to data security. New supporting guidelines and standards are expected as China's cybersecurity, data security, and personal information protection framework continues to evolve. All these changes have potential impact on the business and operations of our Bank and its subsidiary, East West Bank (China) Limited.

Climate-Related Risk Management

In recent years, the federal banking agencies have increased their focus on climate-related risks affecting the operations of banks, the communities they serve and the broader financial system. The agencies have begun to enhance their supervisory expectations regarding banks' climate risk management practices, including by proposing guidance that would encourage banking organizations to, among other things: evaluate the potential impact of climate-related risks on the bank's financial condition, operations and business objectives as part of its strategic planning process; account for the effects of climate change in stress testing scenarios and systemic risk assessments; revise expectations for credit portfolio concentrations based on climate-related factors; and prepare for the transition risks to the bank associated with the adjustment to a low-carbon economy and related changes in laws, regulations, governmental policies, technology, and consumer behavior and expectations.

In October 2023, the federal banking agencies released interagency guidance, "Principles for Climate-Related Financial Risk Management for Large Financial Institutions" (the "Principles"), which are intended to encourage banking organizations with $100 billion or more in assets to focus on key aspects of climate-related financial risk management. The Principles cover six areas: governance; policies, procedures, and limits; strategic planning; risk management; data, risk measurement, and reporting; and scenario analysis. The Principles also describe how large banking organizations should manage climate-related financial risks that can arise in risk categories such as credit, liquidity, and other financial risk, and operational, legal and compliance, and other nonfinancial risk. While the agencies' efforts to-date, including the Principles, have focused on banking organizations with $100 billion or more in total assets, their supervisory expectations on climate risk management practices ultimately may apply to smaller banking organizations such as the Bank.

In addition, states such as California, are taking similar actions on climate-related financial risks. In October 2023, California Governor Gavin Newsom signed into law Senate Bill 253, the Climate Corporate Data Accountability Act ("CCDAA") and Senate Bill 261, the Climate-Related Financial Risk Act ("CRFRA"). The CCDAA is applicable to U.S.-organized entities that do business in California with annual revenue in excess of $1 billion. Subject to the adoption of implementing regulations by the California Air Resources Board, these entities will need to file annual reports publicly disclosing their direct greenhouse gas ("GHG") emissions from operations ("Scope 1 emissions"), indirect GHG emissions from energy use ("Scope 2 emissions") and indirect upstream and downstream supply-chain GHG emissions ("Scope 3 emissions"). The reporting requirements related to Scope 1 and 2 emissions will begin in 2026, while the reporting requirements of Scope 3 emissions will begin in 2027. The CRFRA requires U.S.-organized entities that do business in California, with annual revenues over $500 million to prepare biennial reports disclosing climate-related financial risk and the measures they have adopted to reduce and adapt to that risk. The initial round of the climate risk disclosure reports will be due by January 1, 2026. The Company is a reporting entity under both laws and may incur compliance, maintenance and remediation costs to conform to such requirements.

Potential Regulatory Reforms

On August 29, 2023, the FDIC released a proposed rule that would require covered IDIs to develop and submit detailed plans demonstrating how they could be resolved in an orderly and timely manner in the event of receivership. IDIs with total assets of $100 billion or more would be required to submit full resolution plans, and IDIs with total assets between $50 billion and $100 billion, including the Bank, would be required to submit more limited informational filings. Under the proposal, if the FDIC deemed a resolution plan or informational filing not credible and the IDI failed to resubmit a credible plan, the IDI could become subject to an enforcement action. The Company is evaluating the impact of this proposal.

The federal banking agencies also jointly released a proposed rule on August 29, 2023 that would require bank holding companies and non-consolidated banks with total assets of $100 billion or more to issue and maintain minimum amounts of long-term debt. The Company has total consolidated assets of less than $100 billion and would not be subject to the long-term debt requirements if they are finalized as proposed. However, by imposing additional costs on bank holding companies with $100 billion or more in total consolidated assets, this rule proposal could reduce the benefits of growth beyond that size for a bank holding company that has less than $100 billion in total consolidated assets, such as the Company.

Future Legislation, Regulation and Supervision Activities

New statutes, regulations and policies that contain wide-ranging proposals for altering the structures, regulations and competitive relationships of financial institutions and public companies operating in the U.S. are regularly adopted. Such changes to applicable statutes, regulations, and policies may change the Company's operating environment in substantial and unpredictable ways, increase the Company's cost of conducting business, impede the efficiency of internal business processes, subject the Company to increased supervision activities and disclosure and reporting requirements, and restrict or expand the activities in which the Company may engage. Accordingly, such changes may have a significant influence on our operations and activities, financial condition, results of operations, growth plans or future prospects, and the overall growth and distribution of loans, investments and deposits. We cannot predict whether or in what form any statute, regulation or policy will be proposed or adopted or the extent to which our business may be affected by any new statute, regulation or policy.

Available Information

The Company's website is www.eastwestbank.com. The Company's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Proxy Statements, Current Reports on Form 8-K, amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, and other filings with the SEC are available free of charge at http://investor.eastwestbank.com under the heading "SEC Filings," as soon as reasonably practicable after the Company electronically files such material with, or furnishes it to, the SEC. These reports are also available on the SEC's website at www.sec.gov. In addition, the Company's Code of Conduct, Corporate Governance Guidelines, charters of the Audit Committee, Compensation and Management Development Committee, Executive Committee, Risk Oversight Committee and Nominating/Corporate Governance Committee, and other corporate governance materials are available on the Investor Relations section of the Company's website. The information contained on the Company's website as referenced in this report is not part of this report.

Stockholders may also request a copy free of charge of any of the above-referenced reports and corporate governance documents by writing to: Investor Relations, East West Bancorp, Inc., 135 N. Los Robles Avenue, 7th Floor, Pasadena, California 91101; by calling (626) 768-6000; or by sending an e-mail to InvestorRelations@eastwestbank.com.

ITEM 1A. RISK FACTORS

We are exposed to a variety of risks, some of which are inherent to the financial services industry and others of which are more specific to our business. Our enterprise risk management ("ERM") program incorporates risk management throughout the organization in identifying, managing, monitoring, and reporting risks. Our ERM program identifies the major risk categories in our business as: capital; market; liquidity; credit; operational; compliance; legal; strategic; technology; and reputational.

The discussion below addresses material factors, of which we are currently aware, that could have a material adverse effect on our business, results of operations, and financial condition. These risk factors and other forward-looking statements included in this Form 10-K relate to future events, expectations, trends, and operating periods, and involve certain factors that are subject to change, and important risks and uncertainties that could cause actual results to differ materially. These risks and uncertainties should not be considered a complete discussion of all the risks and uncertainties that we might face, but are intended to highlight risks that we believe are important factors to consider when evaluating our business and an investment in our securities. Although these risks are organized by headings and each risk is discussed separately, many are interrelated. In addition, there may be additional risks and uncertainties that adversely affect our business, results of operations, and financial condition that are not presently known, that are not currently believed to be significant, or that are common to all businesses.

Risks Related to Geopolitical Uncertainties

Unfavorable general economic, market, political or industry conditions, either domestically or internationally, may adversely affect our business, results of operations, and financial condition.

Our business and results of operations are affected by the financial markets and general economic conditions globally, particularly in the U.S. and Asia, including factors such as the level and volatility of short- and long-term interest rates, inflation, deflation, residential and commercial property prices, collateral asset prices, unemployment and under-employment levels, rental rates and occupancy levels, market or supply chain disruption, labor shortages, bankruptcies, household income, consumer behavior, fluctuations in both debt and equity capital markets and currencies, liquidity of the global financial markets, the availability and cost of capital and credit, government spending and the federal debt ceiling, investor sentiment and confidence in the financial markets, and sustainability of economic growth in the U.S. and Asia. The deterioration of any of these conditions could adversely affect our consumer and commercial business, securities and derivatives portfolios, the level of charge-offs and provision for credit losses, the carrying value of deferred tax assets, capital levels, liquidity, and results of operations. In addition, because our operations and the collateral securing our real estate lending portfolio are primarily concentrated in California, we may be particularly susceptible to adverse economic conditions in California. Any unfavorable economic, market, political, or industry conditions in California and other regions where we operate could lead to the following outcomes, among others:

- greater than expected losses in our credit exposure due to unforeseen economic conditions, which may, in turn, adversely impact our results of operations and financial condition;
- failure of our borrowers to make timely repayments of their loans, or a decrease in the value of real estate collateral securing the payment of such loans, which could result in credit losses, delinquencies, foreclosures and customer bankruptcies, and in turn have a material adverse effect on our results of operations and financial condition;
- a decrease in deposit balances and in the demand for loans and other products and services;
- disruptions in the capital markets or other events, including adverse actions by rating agencies and deteriorating investor expectations, which may result in an inability to borrow on favorable terms or at all from other financial institutions;
- an adverse effect on the value of the debt securities portfolio as a result of debt defaults; and
- a loss of confidence in the financial services industry, our market sector and the equity markets by investors, placing pressure on our stock price.

Changes in the economic and political relations between the U.S. and China, including trade disputes and the imposition of tariffs and other trade restrictions, may adversely impact our business, results of operations, and financial condition.

Economic trade and political tensions, including tariffs and other punitive trade policies and disputes, between the U.S. and China pose a risk to our business and customers. The imposition of tariffs, retaliatory tariffs, export controls or other trade restrictions on products and materials that our customers import or export could cause the prices of their products to increase, possibly reduce demand, and hence may negatively impact our customers' margins and their ability to service debt. We may also experience a decrease in the demand for loans and other financial products or a deterioration in the credit quality of the loans extended to customers in industry sectors that are most sensitive to the trade restrictions.

We face risks associated with international operations.

A substantial number of our customers have economic and cultural ties to Asia. The Bank's international presence includes locations in Hong Kong, China and Singapore. Our presence in Asia carries certain risks, including risks arising from the uncertainty regarding our ability to generate revenues from foreign operations and risks associated with leveraging and conducting business on an international basis. These risks include: legal, regulatory, and tax requirements and restrictions; tariffs, trade barriers, or other trade restrictions; uncertainties regarding liability; difficulties in staffing and managing foreign operations; political and economic risks, and financial risks including currency and payment risks. Further, a downturn in economic growth and real estate markets in China and volatility in the Shanghai and Hong Kong stock exchanges, among other things, may negatively impact asset values and the profitability and liquidity of our customers operating in this region. These risks could adversely affect the success of our international operations and could have a material adverse effect on our overall business, results of operations, and financial condition. In addition, we face risks that our employees and affiliates may fail to comply with applicable laws and regulations governing our international operations, including the U.S. Foreign Corrupt Practices Act, anti-corruption laws, and other U.S. and foreign laws and regulations. Failure to comply with such laws and regulations could, among other things, result in enforcement actions and fines against us, limitations on our conduct and reputational harm, any of which could have a material adverse effect on our business, results of operations and financial condition.

Natural disasters and geopolitical events beyond our control could adversely affect our business, results of operations, and financial condition.

Natural disasters such as wildfires, earthquakes, extreme weather conditions, hurricanes, floods, droughts, widespread health emergencies or pandemics, and other acts of nature and geopolitical events involving political unrest, terrorism, or military conflicts could adversely affect our business operations and those of our customers and cause substantial damage and loss to real and personal property. Natural disasters and geopolitical events could impair borrowers' ability to service their loans, decrease the level and duration of deposits by customers, erode the value of loan collateral, result in an increase in the amount of nonperforming assets, net charge-offs, and provision for credit losses, and otherwise cause a material adverse effect on our results of operations and financial condition.

Macroeconomic challenges caused by the COVID-19 pandemic and geopolitical events have been persistent and are difficult to predict, including supply-chain shortages, volatile energy prices, tightening monetary policy and inflation, and heightened cybersecurity risks. The extent of the continuing impact of these events on our business, results of operations and financial condition will depend on future developments, which are highly uncertain and difficult to predict.

Additionally, political unrest, wars and acts of terrorism have heightened geopolitical tensions, which continue to disrupt the global supply chain and increase economic uncertainty and inflationary pressures. Instability in global economic conditions and geopolitical matters could have a material adverse effect on our results of operations and financial condition.

The effects of climate change could adversely impact our operations, business and customers.

The risks of climate change can be divided into physical and transition risks. The physical risks of climate change include discrete weather events, changing climate patterns and other disruptions caused by climate change affecting the regions, countries and locations in which we or our customers have operations or other interests. Climate change concerns could result in transition risk, which are risks that arise from the process of adjusting to a low-carbon economy, including changes in climate policy or in the regulation of financial institutions with respect to risks posed by climate change. Transition risks could also negatively affect our customers in certain industries, which may increase our credit risk and reduce the demand from these customers for our products and services. These climate-related physical and transition risks could have a direct financial impact on our business and operations. Material adverse impacts to our customers, including declines in asset values, reduced availability of insurance, significant interruptions to business operations, and negative consequences to business models and the need to make changes in responses to those consequences could also affect us. The risks of regulatory changes and additional compliance and disclosure requirements related to climate change may impose operational burdens and increased compliance costs, capital requirements, or the risk of litigation, which could adversely affect our business, results of operations and financial condition. Climate change also presents reputational risk from stakeholder concerns about our practices related to climate change. Our business, reputation, and ability to attract and retain employees may also be harmed if our response to climate change is perceived to be ineffective or insufficient.

Risks Related to Financial Matters

A significant portion of our loan portfolio is secured by real estate and at a higher degree of risk from a downturn in real estate markets.

Since many of our loans are secured by real estate, a decline in the real estate markets could impact our business and financial condition. Real estate values and real estate markets are generally affected by changes in general economic conditions and employment levels, fluctuations in interest rates, the availability of loans to potential purchasers and the availability and demand for types of real property investments, changes in tax laws and other governmental statutes, regulations and policies, and natural disasters, such as wildfires and earthquakes, which are particularly prevalent in California, where a significant portion of our real estate collateral is located. If real estate values decline, the value of real estate collateral securing our loans could be significantly reduced. Our ability to recover on defaulted loans by foreclosing and selling the real estate collateral would be further diminished, and we would be more likely to suffer losses on defaulted loans. Furthermore, commercial real estate ("CRE") and multifamily residential loans typically involve larger balances to single borrowers or groups of related borrowers. Since payments on these loans are often dependent on the successful operation or management of the properties, as well as the business and financial condition of the borrowers, repayment of such loans may be subject to adverse conditions in the real estate market, adverse economic conditions, shifts in demand for different types of properties, or changes in applicable government regulations. Borrowers' inability to repay such loans may have an adverse effect on our business, results of operations and financial condition.

Our business is subject to interest rate risk and variations in interest rates may have a material adverse effect on our financial performance.

Our financial results depend substantially on net interest income, which is the difference between the interest income we earn on interest-earning assets and the interest expense we pay on interest-bearing liabilities. Interest-earning assets primarily include loans extended, securities held in our investment portfolio, and excess cash held to manage short-term liquidity. We fund our assets using deposits and borrowings. We offer interest-bearing deposit products, and a portion of our deposit balances are from noninterest-bearing products. We also enter into interest rate derivatives to manage interest rate risk exposure. The interest rates we receive on our interest-earning assets and pay on our interest-bearing liabilities could be affected by various factors, including macroeconomic challenges, Federal Reserve policies, market interest rate changes in response to inflation, competition, regulatory requirements or a change in our product mix. Changes in key variable market interest rates, such as the federal funds, national prime, or U.S. Treasury rates generally impact our interest rate spread. Because of the differences in maturities and repricing characteristics of our interest-earning assets and interest-bearing liabilities, changes in interest rates do not produce equivalent changes in interest income earned on interest-earning assets and interest expense paid on interest-bearing liabilities. Rising interest rates may cause our funding costs to increase at a faster pace than the yield we earn from our assets, ultimately causing our net interest margin to decrease. Higher interest rates may also result in lower loan production and increased charge-offs in certain segments of the loan portfolio. Declining interest rates could lead to higher loan refinancing activity, which, in turn, would increase the likelihood of prepayments of loans and mortgage related securities. Changes in interest rates also impact the value of our investments in debt securities, particularly debt securities with longer maturities. Accordingly, changes in levels of interest rates could materially and adversely affect our net interest income, net interest margin, cost of deposits, loan origination volume, average loan portfolio balance, asset quality, liquidity, and overall profitability.

Inflation can have an adverse impact on our business and on our customers.

Inflation risk is the risk that the value of assets or income from investments will be worth less in the future as inflation decreases the value of money. In 2023 inflation persisted and was slow to decrease despite multiple increases to the federal funds rate by the Federal Reserve. As inflation increases and interest rates rise, the value of our investment securities, particularly those with longer maturities, decreases, although this effect is less pronounced for floating rate instruments. Prolonged periods of inflation also may impact our profitability by negatively impacting our costs and expenses, including increasing funding costs and expense related to talent acquisition and retention, and negatively impacting the demand for our products and services. Moreover, our customers are also affected by inflation and the rising costs of goods and services used in their households and businesses, which could have a negative impact on their ability to repay their loans. Further adverse changes in inflation and interest rates could negatively impact consumer and business confidence, and adversely affect the economy as well as our business, results of operations and financial condition.

The monetary policies of the federal government and its agencies could have a material adverse effect on our earnings.

The Federal Reserve Board regulates the supply of money and credit in the U.S. Its policies determine in large part the cost of funds for lending and investing and affect the return earned on those loans and investments, both of which in turn affect our net interest margin. They can also materially decrease the value of financial assets we hold. Federal Reserve policies may also adversely affect borrowers, potentially increasing the risk that they may fail to repay their loans, or could adversely create asset bubbles resulting from prolonged periods of accommodative policy. This, in turn, may result in volatile markets and rapidly declining collateral values. Changes in Federal Reserve policies are beyond our control. Consequently, the impact of these changes on our business and results of operations is difficult to predict.

Further downgrades of the U.S. credit rating, potential automatic spending cuts or a government shutdown could negatively impact our business, results of operation and financial condition.

Over the past few years, U.S. debt ceiling and budget deficit concerns have increased the possibility of additional credit rating downgrades and economic slowdowns, or a recession in the U.S. Although U.S. lawmakers passed legislation to raise the federal debt ceiling in 2023, there is risk of continuing political disagreement over the federal debt limit and budget. In August 2023, Fitch Ratings Inc. downgraded the long-term sovereign credit rating of the U.S. to “AA+” from “AAA” and in November 2023 Moody’s Investor Service changed its outlook on U.S. credit to negative. The impact of this or any further downgrades to the U.S. government’s sovereign credit rating or its perceived creditworthiness could adversely affect the U.S. and global financial markets and economic conditions. In addition, disagreement over the federal budget may cause a full or partial U.S. federal government shutdown. Continued adverse political and economic conditions could have an adverse effect on our business, results of operation and financial condition.

We are subject to fluctuations in foreign currency exchange rates.

Our foreign currency translation exposure derives, in part, from our China subsidiary that has its functional currency denominated in Chinese Renminbi (“RMB”). In addition, as we continue to expand our cross-border business, we have a higher volume of customer transactions in foreign currencies. We have entered into derivative instruments to offset some of the impact of foreign exchange fluctuations. However, given the volatility of exchange rates, there is no assurance that we will be able to effectively manage foreign currency translation risk. Fluctuations in foreign currency exchange rates could have a material unfavorable impact on our net income, therefore adversely affecting our business, results of operations, and financial condition.

Risks Related to Our Capital Resources and Liquidity

As a regulated entity, we are subject to capital requirements, and a failure to meet these standards could adversely affect our financial condition.

We and the Bank are subject to certain capital and liquidity rules, including the Basel III Capital Rules, which establish the minimum capital adequacy requirements and may require us to increase our regulatory capital or liquidity targets, increase regulatory capital ratios, or change how we calculate regulatory capital. We may be required to increase our capital levels, even in the absence of actual adverse economic conditions or forecasts, and enhance capital planning based on hypothetical future adverse economic scenarios. As of December 31, 2023, we met the requirements of the Basel III Capital Rules, including the capital conservation buffer. Compliance with capital requirements may limit capital-intensive operations and increase operational costs, and we may be limited or prohibited from distributing dividends or repurchasing our stock. This could adversely affect our ability to expand or maintain present business levels, which may adversely affect our business, results of operations and financial condition. Additional information on the regulatory capital requirements applicable to us and the Bank is set forth in *Item 1. Business — Supervision and Regulation — Regulatory Capital Requirements* in this Form 10-K.

Our dependence on dividends from the Bank could affect our liquidity and ability to pay dividends.

East West is dependent on the Bank for dividends, distributions, and other payments. Our principal source of cash flows, including cash flows to pay dividends to our stockholders and principal and interest on our outstanding debt, is dividends received from the Bank. However, federal and California law limit the Bank’s ability to pay dividends to East West. Subject to the Bank meeting or exceeding regulatory capital requirements, regulatory approval is required under federal law if the total of all dividends declared by the Bank in any calendar year would exceed the sum of the Bank’s net income for that year and its retained earnings for the preceding two years. Although we have historically declared cash dividends on our common stock, we are not required to do so and there may be circumstances under which we would reduce or eliminate our common stock dividend in the future. This could adversely affect the market price of our common stock.

Federal law also prohibits the Bank from paying dividends that would be greater than its undivided profits unless the Bank has received prior approval from the Federal Reserve and of at least two-thirds of the stockholders of each class of stock. California law imposes its own limitations on capital distributions by California-charted banks that could require the Bank to obtain the approval of the DFPI prior to making a distribution to East West. In addition, Federal Reserve guidance sets forth the supervisory expectation that bank holding companies will inform and consult with the Federal Reserve in advance of issuing a dividend that exceeds earnings for the quarter and should not pay dividends in a rolling four quarter period in an amount that exceeds net income, net of distributions, for the period. Further description of regulatory requirements applicable to dividends by us and the Bank is set forth in *Item 1. Business — Supervision and Regulation — Dividends and Other Transfers of Funds* in this Form 10-K.

We are subject to liquidity risk, which could negatively affect our funding levels.

Market conditions or other events could negatively affect the level of or cost of funding, which in turn could affect our ongoing ability to accommodate liability maturities and deposit withdrawals, meet contractual obligations, or fund asset growth and new business initiatives at a reasonable cost, in a timely manner and without adverse consequences. Although we have implemented strategies to maintain sufficient and diverse sources of funding to accommodate planned, as well as unanticipated changes in assets, liabilities, and off-balance sheet commitments under various economic conditions, a substantial, unexpected or prolonged change in the level or cost of liquidity could have a material adverse effect on our business, results of operations, and financial condition. If the cost effectiveness or the availability of supply in the credit markets is reduced for a prolonged period of time, our funding needs may require us to access funding and manage liquidity by other means. These alternatives may include generating client deposits, securitizing or selling loans, and further managing loan growth and investment opportunities. These alternative means of funding may not be available under stressed market conditions or realized in a timely fashion.

Any downgrades in our credit ratings could have a material adverse effect on our liquidity, cost of funding, cash flows, results of operations and financial condition.

Credit rating agencies evaluate us regularly, and their ratings are based on several factors, including our financial strength, capital adequacy, liquidity, asset quality and ability to generate earnings. Some of these factors are not entirely within our control, including conditions affecting the financial services industry as a whole. Several banks were subject to a credit rating downgrade during 2023 following the failures of Silicon Valley Bank, Signature Bank, and First Republic Bank, and in response to economic conditions, and others have been placed on a negative credit outlook by the rating agencies. Severe downgrades in our credit ratings could impact our business and reduce our profitability in different ways, including a reduction in our access to capital markets, triggering additional collateral or funding obligations which could negatively affect our liquidity. In addition, our counterparties, as well as our clients, rely on our financial strength and stability and evaluate the risks of doing business with us on a regular basis. If we experience a decline in our credit ratings, this could result in a decrease in the number of counterparties and clients who may be willing to transact with us. Our borrowing costs may also be affected by various external factors, including market volatility and concerns or perceptions about the financial services industry. There can be no assurance that we can maintain our credit ratings nor that they will not be changed in the future.

The proportion of our deposit account balances that exceed FDIC insurance limits may expose us to enhanced liquidity risk.

A significant factor in the bank failures in early 2023 appears to have been the proportion of the deposits held by each institution that exceeded applicable FDIC insurance limits, and the withdrawal of such deposits over a short period of time. The ease and speed of the electronic withdrawals may accelerate this process. If a significant portion of our deposits were to be withdrawn within a short period of time such that additional sources of funding would be required to meet withdrawal demands, we may be unable to obtain funding at favorable terms, which may have an adverse effect on our net interest margin. Moreover, obtaining adequate funding to meet our deposit obligations may be more challenging during periods of elevated interest rates and financial industry instability. Our ability to attract depositors during a time of actual or perceived distress or instability in the marketplace may be limited. Further, interest rates paid for borrowing generally exceed the interest rates paid on deposits. This spread may be exacerbated by higher prevailing interest rates. In addition, because our available-for-sale (“AFS”) debt securities lose value when interest rates rise, our ability to cover liquidity needs from sale or pledging of these securities may be negatively impacted during periods of elevated interest rates. Under these circumstances, we may be required to access additional funding from other sources in order to manage our liquidity risk.

Risks Related to Credit Matters

Our allowance for credit losses level may not be adequate to cover actual losses.

In accordance with the U.S. Generally Accepted Accounting Principles ("GAAP"), we establish an allowance for credit losses, which includes the allowance for loan losses and the reserve for unfunded credit commitments. Our allowance for loan losses is based on our evaluation of risks associated with our loans held-for-investment portfolio, including historical loss experience, current borrower characteristics, current economic conditions, reasonable and supportable forecasts of future economic conditions, delinquencies, performing status, the size and composition of the loan portfolio, and concentrations within the portfolio. The allowance estimation process requires subjective and complex judgments, including analysis of economic conditions and how these economic conditions might impair the ability of our borrowers to repay their loans. Current economic conditions in the U.S. and in the international markets could further deteriorate, which could result in, among other things, greater than expected deterioration in credit quality of our loan portfolio or in the value of collateral securing these loans. Due to the inherent risk associated with accounting estimates, our allowance for credit losses may not be adequate to absorb actual credit losses, and future provisions for credit losses could materially and adversely affect our operating results. The amount of future losses is influenced by changes in economic, operating and other conditions, including changes in interest rates that may be beyond our control, and such losses may exceed current estimates. In addition, we establish a reserve for losses associated with our unfunded credit commitments. The level of the allowance for unfunded credit commitments is determined by following a methodology similar to that used to establish our allowance for loan losses in our loans held-for-investment portfolio. There can be no assurance that our allowance for unfunded credit commitments will be adequate to provide for the actual losses associated with our unfunded credit commitments. An increase in the allowance for unfunded credit commitments in any period may result in a charge to earnings and could have a material adverse effect on our business, results of operations, and financial condition.

We may be subject to increased credit risk and higher credit losses to the extent our loans are concentrated by loan type, industry segment, borrower type, or location of the borrower or collateral.

Our credit risk and credit losses can increase if our loans are concentrated in borrowers engaged in the same or similar activities, industries, or geographies or to borrowers who as a group may be uniquely or disproportionately affected by economic or market conditions, which could result in materially higher credit losses. For example, the Bank has a concentration of real estate loans in California. Potential deterioration in the California commercial or residential real estate markets or economic conditions could result in additional loan charge-offs and provision for loan losses, which could have a material adverse effect on our business, results of operations, and financial condition. If any industry or market sector were to experience economic difficulties, loan collectability from customers operating in those industries or sectors may deteriorate, which could have a material adverse impact on our business, results of operations, and financial condition.

Risks Related to Our Operations

A failure in or breach of our operational or security systems or infrastructure, or those of third-party vendors, could disrupt our business, and adversely impact our results of operations, financial condition, cash flows, and liquidity, as well as damage our reputation.

We face risks of loss resulting from, but not limited to, errors relating to transaction processing and technology, breaches of the internal control system and compliance requirement, the risk of fraud by employees or third parties, the execution of unauthorized transactions by employees, cybersecurity incidents, business continuation and disaster recovery. In the event of such operational failures, we could suffer financial loss, face regulatory action, and suffer damage to our reputation.

The potential for operational loss exposure exists throughout our organization and among our interactions with third parties. Our operational, security systems, and infrastructure, as well as those of third-party vendors, are integral to our performance. We have taken measures to implement backup systems and safeguards to support our operations, but our ability to conduct business may be adversely affected by any significant disruptions to us or our vendors. Such disruptions could be caused by a number of factors including events that are wholly or partially beyond our control which could adversely affect our ability to process transactions or provide certain services. These factors include, and are not limited to, electrical, telecommunications, or other major physical infrastructure outages, cybersecurity incidents, disease pandemics, natural disasters such as wildfires, earthquakes, tornadoes, hurricanes and floods, and events arising from local or larger scale political or social matters, including terrorist acts. Furthermore, we frequently update these systems to support our operations and growth, requiring significant costs and creating risks associated with implementing new systems and integrating them with existing ones.

Third parties that facilitate our business activities could also be sources of operational and security risks to us. Our ability to implement backup systems or other safeguards with respect to third-party systems is limited. Furthermore, an attack on or failure of a third-party system may not be revealed to us in a timely manner, which could compromise our ability to respond effectively. Some of these third parties may engage vendors of their own, which introduces the risk that these "fourth parties" could be the source of operational and security failures. In addition, if a third party or fourth party obtains access to the customer account data on our systems, and that party experiences a breach or misappropriates such data, we and our customers could suffer material harm, including heightened risk of fraudulent transactions, losses from fraudulent transactions, increased operational costs to remediate any security breach, and reputational harm.

Our business and many of our customers may have experienced, and may experience again in the future, losses incurred due to fraud or theft related to customers, employees, or third parties. These losses may negatively affect our business, results of operations, financial condition, reputation or prospects. Furthermore, increased use of the internet and telecommunications technologies (including mobile devices) to conduct financial and other business transactions and operations, coupled with the increased sophistication and activities of threat actors, will subject us to increased security risks.

These operational risk exposures, if realized, could adversely impact our results of operations, financial condition, cash flows, and liquidity, and may result in loss of confidence, significant litigation exposure and harm to our reputation. These risks are expected to continue to increase as we expand our interconnectivity with our customers and other third parties.

A cyber-attack, information or security breach, or a technology failure of our systems or of a third party's systems could adversely affect our ability to conduct business, manage our exposure to risk or expand our business, and could also result in the misuse of confidential information, increase our costs to maintain and update our operational and security systems and infrastructure, and adversely impact our results of operations, financial condition, cash flows and liquidity, as well as cause reputational harm.

Our business is highly dependent on the security and efficacy of our infrastructure, computer and data management systems, as well as those of third parties with which we interact. Cyber security risks, including ransomware and malware attacks, for financial institutions have significantly increased in recent years in part because of the proliferation of new technologies, the use of the internet and telecommunication technologies to conduct financial transactions, the significant increased use of remote workstations by employees in recent years, and the increased sophistication and activities of organized crime, hackers, terrorists, nation-states, and other threat actors. Our business relies on the secure processing, transmission, storage and retrieval of confidential, proprietary, and other information in our computer email and data management systems and networks, including those of our third-party vendors. We employ a combination of preventative and detective controls to safeguard against cybersecurity incidents. To date, we have not experienced any known cybersecurity incidents resulting in a material impact on our business, financial condition, or operating results. However, we can provide no assurance that all of our security measures will be effective. The industry has seen an increase in ransomware attacks, data breaches, social engineering, phishing attacks, and fraud and other scams that have placed the Bank, employees, our customers, and third-party vendors at heightened risk levels. These risks may increase in the future as we continue to increase our digital product offerings and expand our internal usage of cloud-based products and applications. In addition, our customers often use their own devices to make payments and manage their accounts, and are subject to cyberattacks including data breaches, social engineering, phishing attacks, fraud and other scams, that threaten the safety and security of their banking transactions with us. We have limited ability to assure the safety and security of our customers' transactions with us to the extent they are using their own devices or are a victim of cyberattacks, fraud or other scams by threat actors.

Failure to mitigate breaches of security, or to comply with frequent imposition of increasingly demanding new and changing industry standards and regulatory requirements, could result in violation of applicable privacy laws, reputational damage, regulatory fines, litigation exposure, increased security compliance costs, adversely affect our ability to offer and grow the online services, and could have an adverse effect on our business, results of operations and financial condition.

Failure to keep pace with technological change could adversely affect our business. We may face risks associated with the utilization of information technology systems to support our operations effectively.

The financial services industry is continuously undergoing rapid technological change with frequent introductions of new technology-driven products and services, including financial technology and non-banking entities. The effective use of technology increases efficiency and enables financial institutions to better serve customers and to reduce costs. Our future success depends, in part, upon our ability to address the needs of our customers by using technology to provide products and services that will satisfy customer demands, as well as to create additional efficiencies in our operations. Many of our competitors have substantially greater resources to invest in technological solutions. We may not be able to effectively implement new technology-driven products and services or be successful in marketing these products and services to our customers. Failure to successfully keep pace with technological change affecting the financial services industry could have a material adverse impact on our business and, in turn, our results of operations and financial condition. In addition, if we do not implement systems effectively or if our outsourcing business partners do not perform their functions properly, there could be an adverse effect on us. There can be no assurance that we will be able to effectively maintain or improve our systems and processes, or utilize outsourced talent, to meet our business needs successfully. Any such failure could adversely affect our business, results of operations, financial condition and reputation.

We could face material legal and reputational harm if we fail to safeguard personal information.

We are subject to complex and evolving laws and regulations, both inside and outside the U.S., governing the privacy and protection of personal information. Individuals whose personal information may be protected by law can include our customers (and in some cases our customers' customers), prospective customers, job applicants, employees, and the employees of our suppliers, and third parties. Complying with laws and regulations applicable to our collection, use, transfer, and storage of personal information can increase operating costs, impact the development and marketing of new products or services, and reduce operational efficiency. Any mishandling or misuse of personal information by us or a third party affiliated with us could expose us to litigation or regulatory fines, penalties or other sanctions.

We may be impacted by the actions, soundness or creditworthiness of other financial institutions, which can cause disruption within the industry and increase expenses.

Financial services institutions are interrelated as a result of trading, clearing, counterparty, or other relationships. We execute transactions with various counterparties in the financial industry, including broker-dealers, commercial banks, and investment banks. Defaults or failures of financial services institutions and instability in the financial services industry in general can lead to market-wide liquidity problems, increased credit risk and withdrawals of uninsured deposits. The failures of Silicon Valley Bank, Signature Bank, and First Republic Bank in 2023 resulted in significant disruption in the financial services industry and negative media attention, which has also adversely impacted the volatility and market prices of the securities of financial institutions and resulted in outflows of deposits for us and many other financial institutions. These events have adversely impacted and could continue to adversely affect our business, results of operations, and financial condition, as well as the market price and volatility of our common stock.

Bank failures may increase the risk of a recession or lead to regulatory changes and initiatives, such as enhanced capital, liquidity, or risk management requirements, that could adversely impact the Company. Changes to laws or regulations, or the impositions of additional restrictions through supervisory or enforcement activities, could have a material impact on our business. Regulatory changes could also adversely impact our ability to access funding, increase the cost of funding, limit our access to capital markets, and negatively impact our overall financial condition. The recent bank failures also have resulted in a special assessment by the FDIC to replenish the DIF.

Our controls and procedures could fail or be circumvented.

Management regularly reviews and updates our internal controls, disclosure controls and procedures, and corporate governance and ERM policies and procedures. Any system of controls, however well designed and operated, is based in part on certain assumptions and can provide only reasonable, but not absolute, assurances of the effectiveness of these systems and controls, and that the objectives of these controls have been met. Any failure or circumvention of our controls and procedures, and any failure to comply with regulations or supervisory expectations related to controls and procedures could adversely affect our business, results of operations, and financial condition.

Our enterprise risk management program may not be effective at mitigating the risks to which we are subject, based upon our size, scope, and complexity.

We have established processes and procedures intended to identify, measure, monitor, report, and analyze the types of risk to which we are subject, including capital, market, liquidity, credit, operational, compliance, legal, strategic, technology and reputational risks. Although we seek to manage our exposure to such risks, and employ a broad and diverse set of risk monitoring and mitigation techniques in the process, those techniques are inherently limited because they cannot anticipate the existence or development of risks that are currently unknown or unanticipated. Further, any system of control and any system to reduce risk exposure, however well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the system are met. Further, in some cases we use analytical or forecasting models in our management of risks. If the models are inadequate, or are subject to ineffective governance, our risk management program may also prove ineffective. Actions taken to mitigate identified risks may prove less effective than anticipated. If our risk management program proves ineffective, we could suffer unexpected losses and reputational damage.

We are dependent on key personnel and the loss of one or more of those key personnel may materially and adversely affect our prospects.

Competition for qualified personnel in the banking industry is intense and there are a limited number of qualified persons with knowledge of, and experience in, the regional banking industry, especially in the West Coast markets, and in international banking operations, especially in Asia. The process of recruiting personnel with the combination of skills and attributes required to carry out our strategies is often lengthy. Our success depends, to a significant degree, on our ability to attract and retain qualified management, loan origination, finance, administrative, marketing, and technical personnel, as well as the continued contributions of those individuals. In particular, our success has been and continues to be highly dependent upon the abilities of certain key executives. Accordingly, we believe that our future success is dependent upon the development and, when needed, implementation of adequate succession plans. Although both the Board of Directors and management monitor our succession planning for our senior management team, unexpected departures of key personnel or disruptions in future leadership transitions could negatively impact our business and prospects.

We face strong competition in the financial services industry, and we could lose business or suffer margin declines as a result.

We operate in a highly competitive environment. Our competitors include, but are not limited to, commercial banks, savings and loan associations, finance companies, brokerage firms, insurance companies, credit unions, mortgage banks, nonbank financial institutions, and other regional, national, and global financial institutions. Some of our major competitors include multinational financial service companies whose greater resources may afford them a marketplace advantage by enabling them to maintain numerous locations and mount extensive promotional and advertising campaigns. Areas of competition include interest rates on loans and deposits, customer services, and range of price and quality of products and services, including new technology-driven products and services. Ongoing or increased competition may put pressure on the pricing for our products and services or may cause us to lose market share, particularly with respect to traditional banking products such as loans and deposits. Failure to attract and retain banking customers may adversely impact our loan and deposit growth and in turn, our revenues.

We have engaged in and may continue to engage in further expansion through acquisitions, which could cause disruption to our business and may dilute existing stockholders' interests.

There are risks associated with expanding through acquisitions. These risks include, among others, incorrectly assessing the asset quality of a bank acquired in a particular transaction, incurring greater than anticipated costs in integrating acquired business, failing to retain customers or employees, and the inability to profitably deploy assets acquired or realize synergies from a transaction. Additional country or region-specific risks are associated with transactions outside the U.S., including in China. To the extent we issue capital stock in connection with additional transactions, these transactions and related stock issuances may have a dilutive effect on earnings per share ("EPS") and share ownership.

New products and services may subject us to additional risks.

From time to time, we may seek to implement new business arrangements or new lines of business or offer new products and services within existing lines of business. There are substantial risks and uncertainties associated with these efforts, particularly in instances where the markets are not fully developed. In developing and marketing new business arrangements, lines of business and/or new products and services, we may invest significant time and resources. Initial timetables for the introduction and development of new business initiatives, new lines of business and/or new products or services may not be achieved, and price and profitability targets may not prove feasible, which could in turn have a material negative effect on our operating results. New business arrangements, new lines of business and/or new products or services also could subject us to additional regulatory requirements, increased scrutiny by our regulators and other legal risks. For example, we and other regional banks are increasingly partnering with fintech and other providers to distribute or market our products and services. Bank regulators have, and may in the future, hold banks responsible for the activities of these fintech companies, including in respect of BSA/AML and consumer compliance matters, or may take the view that these relationships present safety and soundness issues.

Our investments in certain tax-advantaged projects may not generate returns as anticipated and may have an adverse impact on our results of operations.

We invest in certain tax-advantaged investments that support qualified affordable housing projects, community development, and renewable energy resources. Our investments in these projects are designed to generate a return in part through the realization of federal and state income tax credits, and other tax benefits, over specified time periods. We are subject to the risk that previously recorded tax credits, which remain subject to recapture by taxing authorities based on compliance features required to be met at the project level, may fail to meet certain government compliance requirements and may not be able to be realized. The risk of not being able to realize, or of subsequently incurring a recapture of, the tax credits and other tax benefits depends on various factors, some of which are outside of our control, including changes in the applicable tax code, as well as the continued economic viability of the project and project operator. The possible inability to realize these tax credits and other tax benefits would have a negative impact on our financial results.

Risks Related to Regulatory, Compliance and Legal Matters

Changes in regulation may require us to change our business practices, increase costs, limit our ability to make investments and generate revenue, or otherwise adversely affect business operations and/or competitiveness.

We are subject to extensive regulation under federal and state laws, as well as supervision and examination by the DFPI, FDIC, Federal Reserve, SEC, CFPB in the U.S. and foreign regulators and other government authorities. We are also subject to enforcement oversight by the U.S. Department of Justice and state attorneys general. In addition, we face certain legal, reputational, and financial risks as a result of serving customers in new or evolving industries that are subject to changing, and at times conflicting laws. Changes to statutes, regulations or regulatory policies, including changes in interpretation or implementation of statutes, regulations, or policies could affect the manner in which we conduct business. Such changes could also subject us to additional costs and may limit the types of financial services and products we offer, and the investments we make.

Given that banks operate in an extensively regulated environment under federal and state law, good standing with our regulators is of fundamental importance to the continuation and growth of our business. In the performance of their supervisory and enforcement duties, the U.S. federal and state regulators, and non-U.S. regulators, have significant discretion and power to initiate enforcement actions for violations of laws and regulations, and unsafe and unsound practices. Further, regulators and bank supervisors continue to exercise qualitative supervision of our industry and specific business operations and related matters. Violations of laws and regulations or deemed deficiencies in risk management or other qualitative practices also may be incorporated into our confidential bank supervisory ratings. A downgrade in these ratings, or other regulatory settlements, enforcement actions or supervisory criticisms, could impose additional risk management and other regulatory oversight requirements, limit our ability to pursue acquisitions or conduct other expansionary activities, require new or additional regulatory approvals before engaging in certain other business activities, and result in civil monetary penalties, other sanctions, and damage to our reputation, all of which could adversely affect our business, financial condition, results of operations and future prospects.

Failure to comply with laws, regulations, or policies could result in civil or criminal sanctions by U.S. federal and state, and non-U.S. agencies, the loss of FDIC insurance, the revocation of our banking charter, civil or criminal monetary penalties, and/or reputational damage, which could have a material adverse impact on our business, results of operations, and financial condition. We continue to adjust our business and operations, capital, policies, procedures, and controls to comply with these laws and regulations, final rulemaking, supervisory requirements and interpretations from the regulatory authorities. See *Item 1. Business — Supervision and Regulation* in this Form 10-K for more information about the regulations to which we are subject.

Changes to fiscal policies and tax legislation may adversely affect our business.

From time to time, the U.S. government may introduce new fiscal policies and tax laws or make substantial changes to existing tax legislation. These changes could have a material impact on our business and our customers' business, results of operations, and financial condition. Our positions or our actions taken prior to such changes may be compromised by such changes. In addition, our actions taken in response to, or in reliance upon, such changes in the tax laws may impact our tax position in a manner that may result in an adverse financial condition. We also provide for current and deferred taxes in our financial statements, based on our results of operations and financial condition. We may take tax return filing positions for which the final determination of tax is uncertain, and our income tax expense could be increased if a federal, state, or local authority were to assess additional taxes that have not been provided for in our consolidated financial statements. There can be no assurance that we will achieve our anticipated effective tax rate. The U.S. government could further introduce new tax legislation or amend current tax laws in a manner that would adversely affect us. In addition, continued political disagreements over the federal budget and the risk of a full or partial government shutdown could create uncertainty about the U.S. economy, ultimately having an adverse effect on our business, results of operations, and financial condition.

Complying with the Bank Secrecy Act and other anti-money laundering and sanctions statutes and regulations can increase our compliance costs and risks.

The BSA, the PATRIOT Act, and other laws and regulations require us and other financial institutions to institute and maintain an effective AML program and file suspicious activity reports and currency transaction reports when appropriate. We may provide banking services to customers considered to be higher risk customers, which subjects us to greater enforcement risk under the BSA and requires us to ensure our third-party vendors adhere to the BSA and related regulations. The Financial Crimes Enforcement Network may impose significant civil monetary penalties for violations of those requirements and has been engaging in coordinated enforcement efforts with the federal and state banking regulators, as well as the U.S. Department of Justice, Drug Enforcement Administration, and the Internal Revenue Service.

We are also required to comply with the U.S. economic and trade sanctions administered by the OFAC regarding, among other things, the prohibition of transacting business with, and the need to freeze assets of, certain persons and organizations identified as a threat to the national security, foreign policy, or economy of the U.S. A violation of any AML or OFAC-related law or regulation could subject us to significant civil and criminal penalties as well as regulatory enforcement actions, which may include restrictions on our ability to pay dividends and the necessity to obtain regulatory approvals to proceed with certain aspects of our business plan, including any acquisition plans. Any of these violations could have a material adverse effect on our business, results of operations, financial condition, reputation, and future prospects.

We are subject to significant financial and reputational risk arising from lawsuits and other legal proceedings.

We operate in a heavily regulated industry and face significant risk from lawsuits and proceedings brought by customers, borrowers, bank regulators and counterparties. These actions include claims for monetary damages, penalties, fines, and demands for injunctive relief. If these lawsuits or proceedings, whether founded or unfounded, are not resolved in a favorable manner to us, they could lead to significant financial obligations for us, as well as restrictions or changes to how we conduct our business. Although we establish accruals for legal matters when and as required by U.S. GAAP and certain expenses and liabilities in connection with such matters may or may not be covered by insurance, the amount of loss ultimately incurred in relation to those matters may be substantially higher than the amounts accrued and/or insured. As a participant in the financial services industry, we expect to continue to incur significant risks arising from litigation and government scrutiny related to our businesses and operations. Substantial legal liability and government scrutiny could adversely affect our business, results of operations, and financial condition. In addition, we may suffer significant reputational harm as a result of lawsuits and proceedings, adversely impacting our ability to attract and retain customers and investors. Moreover, it may be difficult to predict the outcome of certain legal proceedings, which may present additional uncertainty to our business prospects.

General Risk Factors

Changes in accounting standards or changes in how the accounting standards are interpreted or applied could materially impact our financial statements.

The preparation of our financial statements is based on accounting standards established by the FASB and the SEC. From time to time, these accounting standards may change, and such changes may have a material impact on our financial statements. In addition, the FASB, SEC, banking regulators, and our independent registered public accounting firm may amend or reverse their previous interpretations or positions on how various standards should be applied. These changes may be difficult to predict and could impact how we prepare and report our financial statements. In some cases, we could be required to adopt a new or revised standard retrospectively, potentially resulting in restatements to a prior period's financial statements.

Our consolidated financial statements are based in part on assumptions and estimates which, if incorrect, could cause unexpected losses in the future.

Pursuant to U.S. GAAP, we are required to use certain assumptions and estimates in preparing our financial statements, including in determining the allowance for credit loss, accrued liability for litigation, and the fair value of certain financial assets and liabilities, among other items. Our assumptions and estimates may be inaccurate or subjective, particularly in times of market stress or under unforeseen circumstances. Inaccurate assumptions or inadequate design of our forecasting models could result in incorrect or misleading information, and in turn could lead to inappropriate business decisions, such as an inadequate reserve for credit losses, and adversely impact our business, results of operations, and financial condition. Our significant accounting policies and use of estimates are fundamental to understanding our results of operations and financial condition. Some accounting policies, by their nature, are inherently subject to estimation techniques, valuation assumptions and other subjective assessments. In addition, some significant accounting policies require significant judgments in applying complex accounting principles to individual transactions and determining the most appropriate treatment. We have procedures and processes in place to facilitate making these judgments. For a description of these policies, refer to *Note 1 — Summary of Significant Accounting Policies* to the consolidated financial statements and *Item 7. MD&A – Critical Accounting Estimates* in this Form 10-K.

Impairment of goodwill could result in a charge against earnings and thus a reduction in stockholders' equity.

We test goodwill for impairment on an annual basis, or more frequently, if necessary. A significant decline in our expected future cash flows, a material change in interest rates, a significant adverse change in the business climate, slower growth rates, or a significant or sustained decline in the price of our common stock may necessitate taking future charges related to the impairment of goodwill. If we determine that a future write-down of goodwill is necessary, the amount of such an impairment charge could be significant and could adversely affect earnings as well as capital.

Anti-takeover provisions could negatively impact our stockholders.

Provisions of Delaware and California law and of our certificate of incorporation, as amended, and bylaws, as amended and restated, could make it more difficult for a third party to acquire control of us or could have the effect of discouraging a third party from attempting to acquire control of us. For example, our certificate of incorporation, as amended, requires the approval of the holders of at least two-thirds of the outstanding shares of voting stock to approve certain business combinations. We are also subject to Section 203 of the Delaware General Corporation Law, which would make it more difficult for another party to acquire us without the approval of the Board of Directors. Additionally, our certificate of incorporation, as amended, authorizes the Board of Directors to issue preferred stock which could be issued as a defensive measure in response to a takeover proposal.

Additionally, prior approval of the Federal Reserve and the DFPI is required for any person to acquire control of us, and control for these purposes may be presumed to exist when a person owns 10% or more of our outstanding common stock. Federal Reserve approval is also required for a bank holding company to acquire more than 5% of our outstanding common stock. These and other provisions could make it more difficult for a third party to acquire us, even if an acquisition might be in the best interest of the stockholders.

Managing reputational risk is important to attracting and maintaining customers, investors, and employees.

Threats to our reputation can come from many sources, including unethical practices, employee misconduct, failure to deliver minimum standards of service or quality, compliance deficiencies, and questionable or fraudulent activities of our customers or other threat actors. We have policies and procedures, including our Code of Conduct, in place to govern the personal conduct, action and work relationship of our employees with customers, fellow employees, competitors, governmental officials, and suppliers under both official and unofficial situations, in which employees may reasonably be perceived by others as acting as representatives of us. In addition, employees who fail to comply with the Code of Conduct may be subject to disciplinary action, termination of employment, and/or prosecution. However, these policies and procedures may not be fully effective. Negative publicity regarding our business, employees or customers, with or without merit, may result in the loss of customers, investors and employees, costly litigation, a decline in revenues and increased governmental scrutiny.

Increasing scrutiny and evolving expectations relating to environmental, social and governance considerations may expose us to additional costs, reputational harm, and other adverse effects on our business.

Regulators, investors, employees, customers and other stakeholders are increasingly focused on environmental, social and governance ("ESG") practices relating to business, including climate change, human rights, health and safety, diversity, and labor conditions. A failure to comply with regulatory requirements, or to meet evolving investor or stakeholder expectations and standards, could result in legal or regulatory proceedings and negatively impact our business, reputation, results of operations, financial conditions, and stock price. California has passed legislation that would impact the amount of required reporting of ESG practices, refer to *Item 1. Business — Supervision and Regulation* in this Form 10-K for more information. The SEC has proposed climate disclosure rules to require public issuers to include enhanced disclosure regarding corporate climate-related information in their periodic reports and registration statements. The enacted and proposed new government regulations could also cause new or more stringent forms of ESG oversight and expanding mandatory and voluntary reporting, diligence, and disclosures.

The price of our common stock may be volatile or may decline.

The price of our common stock may fluctuate in response to various factors, some of which are outside our control. These factors include the risk factors discussed herein, as well as:

- actual or anticipated quarterly fluctuations in our results of operations and financial condition;
- changes in revenue or earnings estimates or publication of research reports and recommendations by financial analysts and rating agencies;
- speculation or changes in perception in the press or investment community;
- strategic actions and announcements by us or our competitors, such as acquisitions or restructurings;
- actions by institutional stockholders;
- addition or departure of key personnel;
- fluctuations in the stock price and operating results of our competitors;
- general market conditions and, in particular, market conditions in the financial services industry;
- anticipated, proposed or adopted regulatory changes or developments;
- cyclical fluctuations;
- trading volume of our common stock; and
- anticipated or pending investigations, proceedings or litigation that involve or affect us.

Industry factors, general economic and political conditions and events, such as cyber or terrorist attacks, economic downturn or recessions, interest rate changes, credit default trends, currency fluctuations, changes to fiscal, monetary or trade policies, or public health issues could also cause our stock price to decline regardless of our operating results. A significant decline in our stock price could result in substantial losses for stockholders.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

The Company maintains an Information Security Program to support the management of cybersecurity risk as an integral component of the Company's ERM framework. The Information Security Program encompasses the Company's cybersecurity policies and practices, which focus on prevention, detection, mitigation and recovery from cybersecurity incidents. In addition, as part of the Information Security Program, the Company has a Security Incident Response Policy and Plan to enable a coordinated response to protect the integrity, security and resiliency of the Company's information systems, to mitigate the risk of cybersecurity incidents and to escalate information regarding certain cybersecurity incidents to the appropriate management personnel and Board members in a timely fashion. The Information Security Program follows established industry frameworks, including the National Institute of Standards and Technology Cybersecurity Framework, and standards set by the relevant legal and regulatory authorities.

The Board's Risk Oversight Committee has primary oversight responsibility for management's efforts to mitigate cybersecurity risk and respond to cybersecurity incidents. The Risk Oversight Committee receives quarterly cybersecurity reports, including any reportable incidents, and reviews and approves the Information Security Program at least annually or whenever significant changes to the program are made. The full Board of Directors also receives quarterly cybersecurity reports. These updates include information regarding management's ongoing efforts to manage cybersecurity risk and the steps management has taken to address and mitigate the evolving cybersecurity threat environment. The Risk Oversight Committee members are independent directors and have expertise in areas relevant to their responsibilities over cybersecurity, including senior leadership experience in financial services and information technology.

At the management level, the Company has designated the Chief Risk Officer as the Chief Privacy Officer, who has oversight for managing cybersecurity risk. The Chief Privacy Officer coordinates with the Chief Information Security Officer to ensure the Company's cybersecurity risk profile is managed in a manner consistent with its risk appetite. The Chief Privacy Officer also provides periodic reports to the Board's Risk Oversight Committee, outlining the overall status of the Company's Information Security Program and its compliance with regulatory guidelines, and coordinating and reporting on incident response. The Chief Information Security Officer is responsible for the day-to-day management of the Information Security Program and Security Incident Response Policy and Plan. The Chief Privacy Officer has held various leadership roles at the bank, including over 13 years previously serving as the Company's Chief Financial Officer. The Chief Information Security Officer has over 20 years of work experience in cybersecurity at financial institutions.

The Information Security Program is supported by three lines of defense. The Information Security Team is the first line of defense under the Chief Information Security Officer and provides the day-to-day cybersecurity operations including identification and reporting of internal and external threats, access control, data security, protective controls, detection of malicious or unauthorized activity, incident response, recovery planning, performing vulnerability and third party information security assessments, and employee awareness and training programs. In addition, the Information Security Team works in coordination with the individual business lines that have direct and primary responsibility and accountability for identifying, controlling and monitoring cybersecurity risk embedded in their business activities. The Information Security Team uses reputable industry service providers for security operations, monitoring, investigation and incident response. The internal Information Risk Management team conducts periodic assessments in collaboration with consulting services with expertise in the cybersecurity domains. Furthermore, the Third Party Risk Management Team, in conjunction with the Information Security Team, oversees, identifies, monitors, investigates and addresses material risks from cybersecurity threats associated with the Company's use of third-party service providers. As the second line of defense, the ERM Team under the Chief Privacy Officer independently monitors cybersecurity risk across the Company, as well as the effectiveness of the Information Security Program, third party vendors' vulnerability and penetration tests against the Company's network. The ERM Team reports the status of the annual assessment of the effectiveness of the Information Security Program to the Chief Privacy Officer, who reports to the Board's Risk Oversight Committee. When applicable, the Company obtains Statement on Standards for Attestation Engagement 18 reports or equivalent reports for vendor products and services hosted by third parties. Internal Audit serves as the third line of defense and provides additional independent assurance and evaluates the effectiveness of cybersecurity risk management.

In addition, the Company uses several internal training methods, through annual mandatory courses on security and privacy for all employees, as well as multiple simulated phishing attacks and regularly providing information security awareness materials throughout the year. The Company also maintains cybersecurity insurance. To date, the Company has not experienced cybersecurity incidents that have materially affected its business strategy, results of operations or financial condition. For additional information regarding cybersecurity threats, please refer to *Item 1, Business – Supervision and Regulation – Privacy and Cybersecurity* and *Item 1A, Risk Factors – Risks Related to Our Operations*.

ITEM 2. PROPERTIES

East West's corporate headquarters is located at 135 North Los Robles Avenue, Pasadena, California, an eight-story office building, of which it owns 50%. The Company operates in 21 owned and 90 leased locations in the U.S., as well as 11 leased locations in Asia. In the U.S., the Bank's corporate headquarters and main administrative offices are located in California, and its branches and offices are located in California, Texas, New York, Washington, Georgia, Massachusetts, Illinois and Nevada. In Asia, East West's presence includes full service branches in Hong Kong, Shanghai, Shantou and Shenzhen, representative offices in Beijing, Chongqing, Guangzhou, Xiamen, and Singapore, and administrative support offices in Beijing and Shanghai. All properties occupied by the Bank are used across all business segments and for corporate purposes.

The Company believes that its facilities are adequate and suitable for its business needs. It evaluates its current and projected space needs and may determine that certain premises or facilities are no longer necessary for its operations. The Company believes that, if necessary, it could secure alternative properties on similar terms without adversely affecting its operations.

ITEM 3. LEGAL PROCEEDINGS

See *Note 12 — Commitments and Contingencies — Litigation* to the Consolidated Financial Statements in this Form 10-K, which is incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information, Holders of Common Stock and Dividends

The Company's common stock is traded on the Nasdaq Global Select Market under the symbol "EWBC". As of January 31, 2024, the Company had 702 stockholders of record of the Company's common stock, not including beneficial owners whose shares are held in record names of brokers or other nominees.

Holders of the Company's common stock are entitled to receive cash dividends when declared by the Company's Board of Directors out of legally available funds. The Board of Directors presently intends to continue the policy of paying quarterly cash dividends, however, there can be no assurance as to future dividends because they are dependent on the Company's future earnings, capital requirements and financial condition.

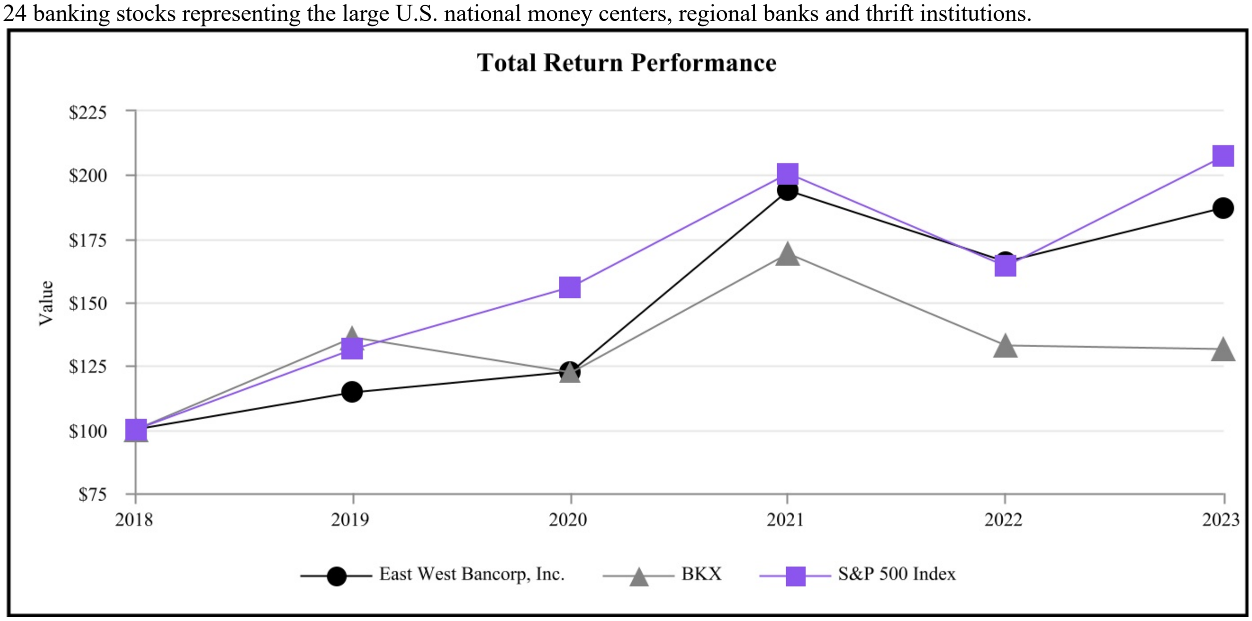
Securities Authorized for Issuance under Equity Compensation Plans

For information regarding securities authorized for issuance under the Company's equity compensation plans, see *Note 13 — Stock Compensation Plans* to the Consolidated Financial Statements and *Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters* presented elsewhere in this Form 10-K, which are incorporated herein by reference.

Five-Year Stock Performance

The following graph and table compare the Company's cumulative total return on its common stock with the cumulative total return of the Standard & Poor's ("S&P") 500 Index and the KBW Nasdaq Bank Index ("BKX") over the five-year period through December 31, 2023. The cumulative total shareholder return assumes the investment of $100 in the Company's common stock and in each index on December 31, 2018 and the reinvestment of common stock dividends.

The S&P 500 Index is utilized as a benchmark against performance and is a commonly referenced U.S. equity benchmark consisting of leading companies from different economic sectors. The BKX is designed to track the performance of the leading banks and thrifts that are publicly-traded in the U.S., and comprises 24 banking stocks representing the large U.S. national money centers, regional banks and thrift institutions.



Index	December 31, 2018	2019	2020	2021	2022	2023
East West Bancorp, Inc.	**$100.00**	**$114.36**	**$122.62**	**$193.73**	**$165.75**	**$186.84**
BKX	$100.00	$136.13	$122.08	$168.88	$132.75	$131.56
S&P 500 Index	$100.00	$131.49	$155.68	$200.37	$164.08	$207.21

The graph is not indicative of future stock price performance. The information set forth under the heading "Five-Year Stock Performance" shall not be deemed to be "soliciting material" or to be "filed" with the SEC or subject to the liabilities of Section 18 of the Exchange Act, except to the extent that the Company specifically requests that such information to be treated as soliciting material or specifically to be incorporated by reference into a filing under the Securities Act or the Exchange Act.

Repurchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table summarizes the Company's common stock repurchase activity during the fourth quarter of 2023:

Calendar Month	Total Number of Shares Purchased [(1)]	Average Price Paid per Share of Common Stock	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions) [(2)]
October	590,696	$ 52.63	590,696	$ 223
November	768,649	$ 54.44	768,649	$ 181
December	146,746	$ 63.00	146,746	$ 172
Fourth quarter	**1,506,091**	**$ 54.56**	**1,506,091**	

(1) Excludes the repurchase of common stock pursuant to various stock compensation plans and agreements.
(2) On March 3, 2020, the Company's Board of Directors authorized, and the Company announced, a stock repurchase program under which the Company may repurchase up to $500 million of its common stock. The stock repurchase authorization has no expiration date.

Refer to *Item 7. MD&A — Balance Sheet Analysis — Capital* and *Item 8. Financial Statements — Note 14 — Stockholders' Equity and Earnings Per Share* for information regarding repurchases under the Company's common share repurchase program.

ITEM 6. [RESERVED]

EAST WEST BANCORP, INC.
ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
TABLE OF CONTENTS

Overview

The following discussion provides information about the results of operations, financial condition, liquidity and capital resources of the Company, including its subsidiary bank, East West Bank. This information is intended to facilitate the understanding and assessment of significant changes and trends related to the Company's results of operations and financial condition. This discussion and analysis should be read in conjunction with the Consolidated Financial Statements and the accompanying notes presented elsewhere in this Form 10-K. For information on our business, see *Item 1. Business* in this Form 10-K.

Current Developments

Economic Developments

Although recent external data indicates that inflation remains above the Federal Reserve's 2% target, the steadily slowing pace of inflation could point to receding fears of a recession in 2024. The likelihood of a "soft landing" scenario appears more likely given the Federal Reserve's commitment to this outcome. The Federal Reserve has held interest rates steady over the latter half of 2023 and recently indicated the potential for rate cuts in 2024 and beyond. However, the higher interest rate environment continues to negatively impact the market value of bank-held securities, and the CRE industry has slowed due to tighter credit conditions and decreased demand. Other factors such as the economic impacts of unrest, wars, and acts of terrorism could lead to higher oil prices and increased inflationary pressures, along with the possibility that the Federal Reserve could maintain high interest rates longer than anticipated. While a U.S. government shutdown was averted in 2023, a future shutdown is possible and could negatively impact the economy. The Company monitors changes in economic and industry conditions and their impacts on the Company's business, customers, employees, communities, and markets.

For additional discussion of the potential impacts on the Company's business due to interest rate hikes, see *Item 1A. — Risk Factors — Risks Related to Financial Matters* in this Form 10-K.

Financial Review

Our MD&A analyzes the financial condition and results of operations of the Company for 2023 and 2022. Some tables include additional periods to comply with disclosure requirements or to illustrate trends in greater depth. The page locations of specific sections that we refer to are presented in the table of contents. To review our financial condition and results of operations for 2022 and a comparison between 2022 and 2021 results, see *Item 7. MD&A* of our 2022 Form 10-K, which was filed with the SEC on February 27, 2023.

($ and shares in thousands, except per share, and ratio data)	2023	2022
Summary of operations:		
Net interest income before provision for credit losses	$ 2,312,254	$ 2,045,881
Noninterest income	295,264	298,666
Total revenue	2,607,518	2,344,547
Provision for credit losses	125,000	73,500
Noninterest expense	1,022,748	859,393
Income before income taxes	1,459,770	1,411,654
Income tax expense	298,609	283,571
Net income	$ 1,161,161	$ 1,128,083
Per share:		
Basic earnings	$ 8.23	$ 7.98
Diluted earnings	$ 8.18	$ 7.92
Adjusted diluted earnings (1)	$ 8.56	$ 7.92
Dividends declared	$ 1.92	$ 1.60
Weighted-average number of shares outstanding:		
Basic	141,164	141,326
Diluted	141,902	142,492
Performance metrics:		
Return on average assets (“ROA”)	1.71 %	1.80 %
Return on average common equity (“ROE”)	17.91 %	19.51 %
Return on average tangible common equity (“TCE”) (1)	19.35 %	21.29 %
Common dividend payout ratio	23.62 %	20.32 %
Net interest margin	3.61 %	3.45 %
Efficiency ratio (2)	39.22 %	36.65 %
Adjusted efficiency ratio (1)	31.63 %	31.74 %
At year end:		
Total assets	$ 69,612,884	$ 64,112,150
Total loans	$ 52,210,898	$ 48,228,074
Total deposits	$ 56,092,438	$ 55,967,849
Common shares outstanding at period-end	140,027	140,948
Book value per share	$ 49.64	$ 42.46
Tangible book value per share (1)	$ 46.27	$ 39.10

(1) For additional information regarding the reconciliation of these non-U.S. GAAP financial measures, refer to *Item 7. MD&A — Reconciliation of GAAP to Non-GAAP Financial Measures* in this Form 10-K.
(2) Efficiency ratio is calculated as noninterest expense divided by total revenue.

The Company’s 2023 net income was $1.2 billion, an increase of $33 million, or 3%, from 2022 net income of $1.1 billion. The increase was primarily due to higher net interest income before provision for credit losses, partially offset by increases in the noninterest expense, provision for credit losses and income tax expense. Noteworthy items about the Company’s performance for 2023 included:

- **Net interest income growth and net interest margin expansion.** Year-over-year net interest income before provision for credit losses grew by $266 million or 13% to $2.3 billion in 2023, from $2.0 billion in 2022. Full year 2023 net interest margin was 3.61%, up 16 bps year-over-year.

- **Earnings Per Share growth.** Basic, diluted and adjusted diluted EPS for 2023 increased to $8.23, $8.18 and $8.56, respectively, compared with $7.98, $7.92 and $7.92, respectively, in 2022. The adjusted diluted EPS for 2023 excluded the $70 million pre-tax FDIC special assessment-related charge (the "FDIC charge") incurred as a result of the final rule implemented by the FDIC to recover losses in the DIF, and a net loss of $7 million pre-tax on an AFS debt security. Adjusted diluted EPS is a non-GAAP financial measure. For additional details, see the reconciliation of non-GAAP financial measures presented under *Item 7. MD&A — Reconciliation of GAAP to Non-GAAP Financial Measures* in this Form 10-K.

- **Efficiency ratios.** The efficiency ratio was 39.22% in 2023, or 257 bps higher compared with 2022, while the adjusted efficiency ratio was 31.63% in 2023, an improvement of 11 bps from 2022. The higher efficiency ratio in 2023 was due to the FDIC charge discussed above. Adjusted efficiency ratio is a non-GAAP financial measure. For additional details, see the reconciliation of non-GAAP financial measures presented under *Item 7. MD&A — Reconciliation of GAAP to Non-GAAP Financial Measures* in this Form 10-K.

- **Asset growth.** Total assets reached $69.6 billion, an increase of $5.5 billion or 9% year-over-year, primarily driven by loan growth of $4.0 billion or 8%, and an increase in cash and cash equivalents of $1.1 billion or 33%. The increase in cash and cash equivalents was primarily funded with borrowings from the Bank Term Funding Program ("BTFP").

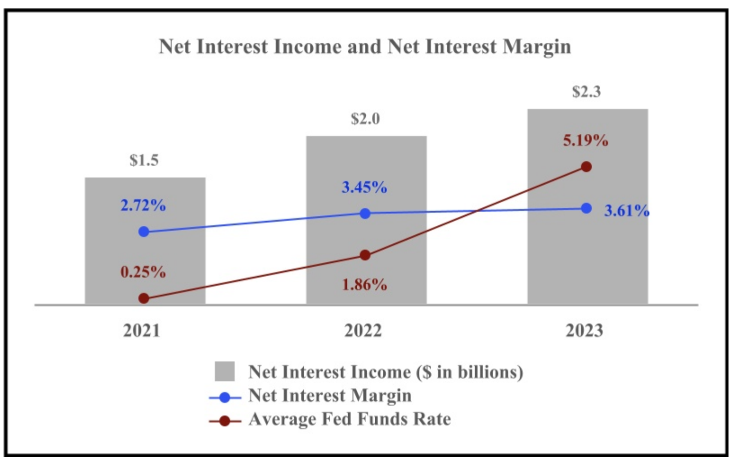
- **Loan growth.** Total loans were $52.2 billion as of December 31, 2023, a year-over-year increase of $4.0 billion or 8% from $48.2 billion. This was primarily driven by growth in the residential mortgage, CRE, and commercial and industrial ("C&I") loan segments.

- **Strong capital levels.** Stockholders' equity was $7.0 billion or $49.64 per share as of December 31, 2023, up from $6.0 billion or $42.46 per share as of December 31, 2022. Tangible book value per share of $46.27 as of December 31, 2023, increased $7.17 or 18% from $39.10 as of December 31, 2022. Tangible book value per share is a non-GAAP financial measure. For additional details, see the reconciliation of non-GAAP financial measures presented under *Item 7. MD&A — Reconciliation of GAAP to Non-GAAP Financial Measures* in this Form 10-K.

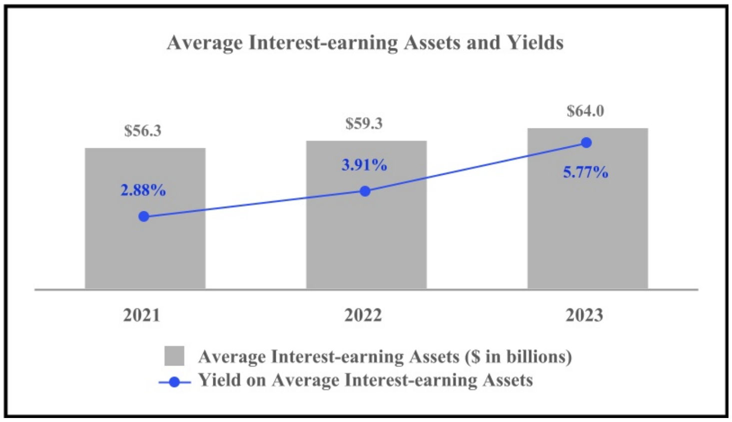
Results of Operations

Net Interest Income

The Company's primary source of revenue is net interest income, which is the interest income earned on interest-earning assets less interest expense paid on interest-bearing liabilities. Net interest margin is the ratio of net interest income to average interest-earning assets. Net interest income and net interest margin are impacted by several factors, including changes in average balances and the composition of interest-earning assets and funding sources, market interest rate fluctuations and the slope of the yield curve, repricing characteristics and maturity of interest-earning assets and interest-bearing liabilities, the volume of noninterest-bearing sources of funds, and asset quality.

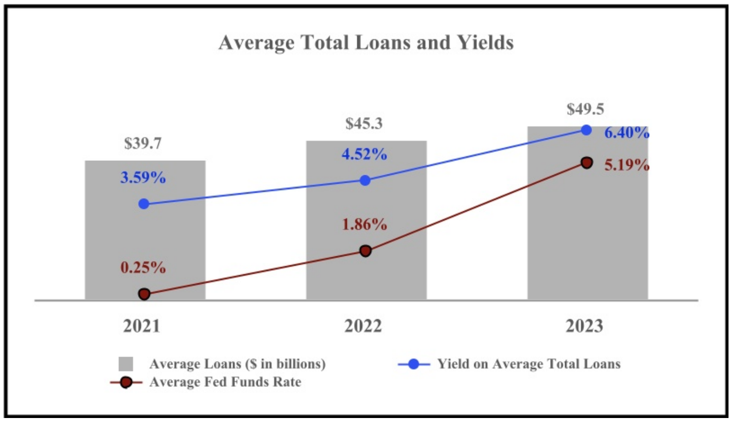


Net interest income and net interest margin for 2023 increased year-over-year, which primarily reflected higher loan yields, increased loan volume, and higher yields on interest-bearing cash and deposits with banks, and AFS debt securities, partially offset by a higher cost of interest-bearing deposits and higher short-term borrowings. The changes in yields and rates reflected higher benchmark interest rates.

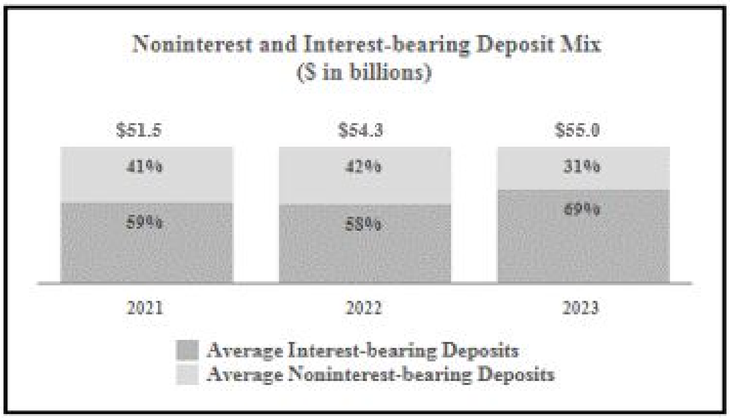


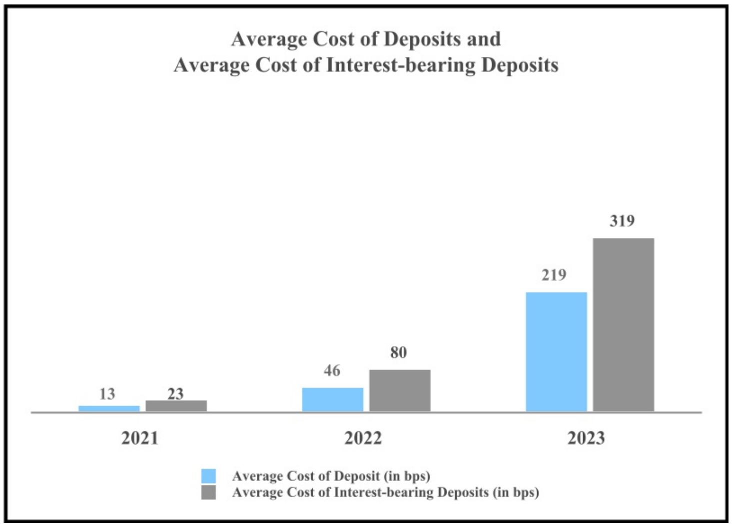
Average interest-earning assets were $64.0 billion in 2023, an increase of $4.7 billion or 8% from $59.3 billion in 2022. The increase in average interest-earning assets primarily reflected loan growth, and higher interest-bearing cash and deposits with banks, partially offset by decreases in assets purchased under resale agreements ("resale agreements") and AFS debt securities.

The yield on average interest-earning assets was 5.77% in 2023, an increase of 186 bps from 3.91% in 2022. The year-over-year increase in the yield on average interest-earning assets primarily resulted from higher benchmark interest rates.



The average loan yield was 6.40% in 2023, an increase of 188 bps from 4.52% in 2022. The year-over-year change in the average loan yield reflected the loan portfolio's sensitivity to higher benchmark interest rates. Approximately 58% and 62% of loans held-for-investment were variable-rate as of December 31, 2023 and 2022, respectively.





Deposits are an important source of funds and impact both net interest income and net interest margin. Average deposits were $55.0 billion in 2023, an increase of $663 million or 1% from $54.3 billion in 2022. Average noninterest-bearing deposits were $17.2 billion in 2023, a decrease of $5.6 billion or 25% from $22.8 billion in 2022. Average noninterest-bearing deposits made up 31% and 42% of average deposits for 2023 and 2022, respectively.

The average cost of deposits was 2.19% in 2023, an increase of 173 bps from 0.46% in 2022. The average cost of interest-bearing deposits was 3.19% in 2023, an increase of 239 bps from 0.80% in 2022. The year-over-year increases reflected higher rates paid on time deposits, money market and checking deposits, and the customer migration to higher yielding deposit products in response to the higher interest rate environment.

The average cost of funds calculation includes deposits, short-term borrowings, FHLB advances, assets sold under repurchase agreements (“repurchase agreements”) and long-term debt. In 2023, the average cost of funds was 2.35%, an increase of 185 bps from 0.50% in 2022. The year-over-year increase was mainly driven by the change in the average cost of deposits discussed above.

The Company utilizes various tools to manage interest rate risk. Refer to the *Interest Rate Risk Management* section of *Item 7. MD&A — Risk Management — Market Risk Management* for details.

The following table presents the interest spread, net interest margin, average balances, interest income and expense, and the average yield/rate by asset and liability component in 2023, 2022 and 2021:

	Year Ended December 31,								
	2023			2022			2021		
($ in thousands)	Average Balance	Interest	Average Yield/Rate	Average Balance	Interest	Average Yield/Rate	Average Balance	Interest	Average Yield/Rate
ASSETS									
Interest-earning assets:									
Interest-bearing cash and deposits with banks	$ 4,638,630	$ 220,643	4.76 %	$ 3,127,234	$ 41,113	1.31 %	$ 6,071,896	$ 15,531	0.26 %
Resale agreements	691,223	20,164	2.92 %	1,398,080	29,767	2.13 %	2,107,157	32,239	1.53 %
AFS debt securities (1)(2)	6,105,999	225,592	3.69 %	6,629,945	152,514	2.30 %	8,281,234	143,983	1.74 %
Held-to-maturity (“HTM”) debt securities (1)	2,976,237	50,598	1.70 %	2,756,382	46,392	1.68 %	—	—	— %
Loans:									
C&I	15,499,899	1,190,940	7.68 %	15,013,560	715,778	4.77 %	13,656,720	472,260	3.46 %
CRE	19,824,272	1,227,795	6.19 %	17,896,853	791,839	4.42 %	15,322,059	514,921	3.36 %
Residential mortgage	14,155,784	750,813	5.30 %	12,315,334	538,255	4.37 %	10,601,638	435,264	4.11 %
Other consumer	65,181	3,198	4.91 %	93,711	2,429	2.59 %	136,280	2,455	1.80 %
Total loans (3)(4)	49,545,136	3,172,746	6.40 %	45,319,458	2,048,301	4.52 %	39,716,697	1,424,900	3.59 %
Restricted equity securities	82,177	4,062	4.94 %	77,963	3,144	4.03 %	79,404	2,081	2.62 %
Total interest-earning assets	**$ 64,039,402**	**$ 3,693,805**	**5.77 %**	**$ 59,309,062**	**$ 2,321,231**	**3.91 %**	**$ 56,256,388**	**$ 1,618,734**	**2.88 %**
Noninterest-earning assets:									
Cash and due from banks	555,689			652,673			615,255		
Allowance for loan losses	(625,785)			(559,746)			(592,211)		
Other assets	3,788,199			3,436,293			2,971,659		
Total assets	**$ 67,757,505**			**$ 62,838,282**			**$ 59,251,091**		
LIABILITIES AND STOCKHOLDERS’ EQUITY									
Interest-bearing liabilities:									
Checking deposits	$ 7,658,414	$ 179,200	2.34 %	$ 6,696,200	$ 29,808	0.45 %	$ 6,543,817	$ 13,023	0.20 %
Money market deposits	11,680,540	399,482	3.42 %	12,443,437	107,442	0.86 %	12,428,025	15,041	0.12 %
Saving deposits	2,128,943	15,573	0.73 %	2,901,940	8,550	0.29 %	2,746,933	7,496	0.27 %
Time deposits	16,301,856	611,295	3.75 %	9,473,744	106,038	1.12 %	8,493,511	33,599	0.40 %
Federal funds purchased and other short-term borrowings	3,591,114	157,002	4.37 %	81,719	1,801	2.20 %	1,584	42	2.65 %
FHLB advances	123,288	6,430	5.22 %	105,966	1,754	1.66 %	404,789	6,881	1.70 %
Repurchase agreements	34,443	1,497	4.35 %	467,413	14,362	3.07 %	306,845	7,999	2.61 %
Long-term debt and finance lease liabilities	152,790	11,072	7.25 %	152,325	5,595	3.67 %	151,955	3,082	2.03 %
Total interest-bearing liabilities	**$ 41,671,388**	**$ 1,381,551**	**3.32 %**	**$ 32,322,744**	**$ 275,350**	**0.85 %**	**$ 31,077,459**	**$ 87,163**	**0.28 %**
Noninterest-bearing liabilities and stockholders’ equity:									
Demand deposits	17,192,978			22,784,258			21,271,410		
Accrued expenses and other liabilities	2,410,154			1,948,255			1,343,010		
Stockholders’ equity	6,482,985			5,783,025			5,559,212		
Total liabilities and stockholders’ equity	**$ 67,757,505**			**$ 62,838,282**			**$ 59,251,091**		
Interest rate spread			**2.45 %**			**3.06 %**			**2.60 %**
Net interest income and net interest margin		**$ 2,312,254**	**3.61 %**		**$ 2,045,881**	**3.45 %**		**$ 1,531,571**	**2.72 %**

(1) Yields on tax-exempt debt securities are not presented on a tax-equivalent basis.
(2) Includes the amortization of net premiums on AFS debt securities of $31 million, $72 million and $93 million for 2023, 2022 and 2021, respectively.
(3) Average balances include nonperforming loans and loans held-for-sale.
(4) Loans include the accretion of net deferred loan fees and amortization of net premiums, which totaled $53 million, $50 million and $62 million for 2023, 2022 and 2021, respectively.

The following table summarizes the extent to which changes in (1) interest rates, and (2) volume of average interest-earning assets and average interest-bearing liabilities affected the Company's net interest income for the periods presented. The total change for each category of interest-earning assets and interest-bearing liabilities is segmented into changes attributable to variations in volume and yield/rate. Changes that are not solely due to either volume or yield/rate are allocated proportionally based on the absolute value of the change related to average volume and average yield/rate.

	Year Ended December 31,					
	2023 vs. 2022			2022 vs. 2021		
		Changes Due to			Changes Due to	
($ in thousands)	**Total Change**	**Volume**	**Yield/Rate**	**Total Change**	**Volume**	**Yield/Rate**
Interest-earning assets:						
Interest-bearing cash and deposits with banks	$ 179,530	$ 27,977	$ 151,553	$ 25,582	$ (10,802)	$ 36,384
Resale agreements	(9,603)	(18,266)	8,663	(2,472)	(12,812)	10,340
AFS debt securities	73,078	(12,895)	85,973	8,531	(32,250)	40,781
HTM debt securities	4,206	3,733	473	46,392	46,392	—
Loans:						
C&I	475,162	23,900	451,262	243,518	50,613	192,905
CRE	435,956	95,037	340,919	276,918	96,028	180,890
Residential mortgage	212,558	87,511	125,047	102,991	73,603	29,388
Other consumer	769	(907)	1,676	(26)	(859)	833
Total loans	1,124,445	205,541	918,904	623,401	219,385	404,016
Restricted equity securities	918	177	741	1,063	(38)	1,101
Total interest and dividend income	$ 1,372,574	$ 206,267	$ 1,166,307	$ 702,497	$ 209,875	$ 492,622
Interest-bearing liabilities:						
Checking deposits	$ 149,392	$ 4,879	$ 144,513	$ 16,785	$ 310	$ 16,475
Money market deposits	292,040	(6,983)	299,023	92,401	19	92,382
Saving deposits	7,023	(2,792)	9,815	1,054	437	617
Time deposits	505,257	118,581	386,676	72,439	4,299	68,140
Federal funds purchased and short-term borrowings	155,201	151,725	3,476	1,759	1,767	(8)
FHLB advances	4,676	330	4,346	(5,127)	(4,951)	(176)
Repurchase agreements	(12,865)	(17,113)	4,248	6,363	4,743	1,620
Long-term debt and finance lease liabilities	5,477	17	5,460	2,513	8	2,505
Total interest expense	$ 1,106,201	$ 248,644	$ 857,557	$ 188,187	$ 6,632	$ 181,555
Change in net interest income	**$ 266,373**	**$ (42,377)**	**$ 308,750**	**$ 514,310**	**$ 203,243**	**$ 311,067**

Noninterest Income

The following table presents the components of noninterest income for the periods indicated:

	Year Ended December 31,			
($ in thousands)	2023	2022	% Change from 2022	2021
Lending fees	$ 83,876	$ 79,208	6 %	$ 77,704
Deposit account fees	89,606	88,435	1 %	71,261
Customer derivative income	20,200	29,057	(30)%	22,913
Foreign exchange income	52,481	48,158	9 %	48,977
Wealth management fees	26,805	27,565	(3)%	25,751
Net gains on sales of loans	3,634	6,411	(43)%	8,909
Net (losses) gains on AFS debt securities	(6,862)	1,306	NM	1,568
Other investment income	9,348	7,037	33 %	16,852
Other income	16,176	11,489	41 %	11,960
Total noninterest income	**$ 295,264**	**$ 298,666**	**(1)%**	**$ 285,895**

NM - Not meaningful

Noninterest income comprised 11% and 13% of total revenue in 2023 and 2022, respectively. Noninterest income for 2023 was $295 million, compared with $299 million in 2022. The decrease was primarily due to lower customer derivative income and net losses on AFS debt securities, partially offset by increases in other income, lending fees, and foreign exchange income.

Lending fees were $84 million in 2023, an increase of $5 million or 6%, compared with $79 million in 2022. The year-over-year increase was driven by higher unused commitment and letter of credit facility fees.

Customer derivative income was $20 million in 2023, a decrease of $9 million or 30%, compared with $29 million in 2022. The year-over-year decrease was primarily due to unfavorable credit valuation adjustments, partially offset by higher transaction volume, interest received on derivative collateral posted and energy contract income.

Foreign exchange income was $52 million, an increase of $4 million or 9%, compared with $48 million in 2022. The year-over-year increase was primarily due to higher gains on foreign exchange trades, partially offset by the unfavorable valuation of certain foreign currency denominated balance sheet items.

Net losses on AFS debt securities of $7 million in 2023 were due to a $10 million write-off of an impaired subordinated AFS debt security during the first quarter of 2023, partially offset by a $3 million gain when the security was sold in the fourth quarter of 2023. In comparison, net gains on AFS debt securities were $1 million in 2022.

Other income was $16 million in 2023, an increase of $5 million or 41%, compared with $11 million in 2022. The year-over-year increase was primarily due to higher income from bank-owned life insurance policies.

Noninterest Expense

The following table presents the components of noninterest expense for the periods indicated:

($ in thousands)	Year Ended December 31, 2023	2022	% Change from 2022	2021
Compensation and employee benefits	$ 508,538	$ 477,635	6 %	$ 433,728
Occupancy and equipment expense	62,763	62,501	0 %	62,996
Deposit insurance premiums and regulatory assessments	103,308	19,449	431 %	17,563
Deposit account expense	43,143	25,508	69 %	16,152
Computer software and data processing expenses	44,475	42,776	4 %	46,863
Other operating expense	140,222	118,166	19 %	96,330
Amortization of tax credit and other investments	120,299	113,358	6 %	122,457
Total noninterest expense	**$ 1,022,748**	**$ 859,393**	**19 %**	**$ 796,089**

Noninterest expense was $1.0 billion in 2023, an increase of $163 million or 19%, compared with $859 million in 2022. The increase was primarily due to higher deposit insurance premiums and regulatory assessments, compensation and employee benefits, other operating expense, and deposit account expense.

Compensation and employee benefits were $509 million in 2023, an increase of $31 million or 6%, compared with $478 million in 2022. The year-over-year increase was primarily due to wage increases and staffing growth.

Deposit insurance premiums and regulatory assessments were $103 million in 2023, an increase of $84 million or 431%, compared with $19 million in 2022. The year-over-year increase was primarily due to a $70 million FDIC charge incurred as a result of the final rule implemented to recover losses in the DIF following the failures of financial institutions in the first quarter of 2023, and a two bps increase in the base deposit insurance assessment rate under the FDIC's Amended Restoration Plan.

Deposit account expense was $43 million in 2023, an increase of $18 million or 69%, compared with $26 million in 2022. The year-over-year increase primarily reflected an increase in deposit referral fees which were driven by higher interest rates and an increase in insured cash sweep product fees due to higher deposit balances. Such deposit referral fees are variable fees, sensitive to market rates and paid in lieu of interest on a small portion of the Bank's deposit balances.

Other operating expense was $140 million in 2023, an increase of $22 million or 19%, compared with $118 million in 2022. The year-over-year increase was primarily due to higher corporate expenses and an increase in interest expense paid on cash collateral, partially offset by a reduction in foreclosure expenses.

Income Taxes

The following table presents the income before income taxes, income tax expense and effective tax rate for the periods indicated:

($ in thousands)	Year Ended December 31, 2023	2022	2021
Income before income taxes	$ 1,459,770	$ 1,411,654	$ 1,056,377
Income tax expense	$ 298,609	$ 283,571	$ 183,396
Effective tax rate	20.5 %	20.1 %	17.4 %

Income tax expense was $299 million in 2023, compared with $284 million in 2022, resulting in an effective tax rate of 20.5% and 20.1%, respectively. The increase in the income tax expense was primarily related to an increase in pre-tax net income, which was partially offset by an increase in tax credits. The differences between the 2023 and 2022 effective tax rates from the federal statutory rate of 21% were primarily due to tax credits associated with renewable energy, historic and new market tax credit related projects and state taxes as described in *Note 11 — Income Taxes* to the Consolidated Financial Statements in this Form 10-K.

Operating Segment Results

The Company organizes its operations into three reportable operating segments: (1) Consumer and Business Banking; (2) Commercial Banking; and (3) Other. These segments are defined by the type of customers served, and the related products and services provided. For a description of the Company's internal management reporting process, including the segment cost allocation methodology, see *Note 17 — Business Segments* to the Consolidated Financial Statements in this Form 10-K.

Segment net interest income represents the difference between actual interest earned on assets and interest incurred on liabilities of the segment, adjusted for funding charges or credits through the Company's internal funds transfer pricing ("FTP") process.

The following table presents the results by operating segment for the periods indicated:

	Year Ended December 31,								
	Consumer and Business Banking			Commercial Banking			Other		
($ in thousands)	**2023**	**2022**	**2021**	**2023**	**2022**	**2021**	**2023**	**2022**	**2021**
Total revenue (loss)	$ 1,340,938	$ 1,280,989	$ 791,226	$ 1,166,984	$ 1,071,634	$ 929,970	$ 99,596	$ (8,076)	$ 96,270
Provision for (reversal of) credit losses	18,422	27,197	(4,998)	106,578	46,303	(30,002)	—	—	—
Noninterest expense	477,622	397,882	364,635	382,865	314,185	275,649	162,261	147,326	155,805
Segment income (loss) before income taxes	844,894	855,910	431,589	677,541	711,146	684,323	(62,665)	(155,402)	(59,535)
Segment net income	$ 596,366	$ 608,120	$ 308,630	$ 478,418	$ 507,467	$ 489,233	$ 86,377	$ 12,496	$ 75,118

Consumer and Business Banking

The Consumer and Business Banking segment primarily provides financial products and services to consumer and commercial customers through the Company's domestic branch network and digital banking platform. This segment offers consumer and commercial deposits, mortgage and home equity loans, and other products and services. It also originates commercial loans for small- and medium-sized enterprises through the Company's branch network. Other products and services provided by this segment include wealth management, treasury management, interest rate risk hedging and foreign exchange services.

The following table presents additional financial information for the Consumer and Business Banking segment for the periods indicated:

	Year Ended December 31,				
			Change from 2022		
($ in thousands)	**2023**	**2022**	**$**	**%**	**2021**
Net interest income before provision for (reversal of) credit losses	$ 1,238,829	$ 1,170,850	$ 67,979	6 %	$ 697,101
Noninterest income	102,109	110,139	(8,030)	(7)%	94,125
Total revenue	1,340,938	1,280,989	59,949	5 %	791,226
Provision for (reversal of) credit losses	18,422	27,197	(8,775)	(32)%	(4,998)
Noninterest expense	477,622	397,882	79,740	20 %	364,635
Segment income before income taxes	844,894	855,910	(11,016)	(1)%	431,589
Income tax expense	248,528	247,790	738	0 %	122,959
Segment net income	$ 596,366	$ 608,120	$ (11,754)	(2)%	$ 308,630
Average loans	$ 17,931,327	$ 15,769,072	$ 2,162,255	14 %	$ 13,922,693
Average deposits	$ 33,668,913	$ 33,278,330	$ 390,583	1 %	$ 31,679,856

Consumer and Business Banking segment net income decreased by $12 million or 2% year-over-year to $596 million in 2023, due to an increase in noninterest expense, partially offset by an increase in net interest income. Net interest income before provision for credit losses increased $68 million or 6% year-over-year to $1.2 billion. This increase was primarily driven by higher deposit FTP credits due to the year-over-year increase in market rates. Noninterest expense increased by $80 million or 20%, to $478 million, primarily due to higher deposit insurance premiums and regulatory assessments from the FDIC charge in the fourth quarter of 2023 and allocated corporate overhead expenses.

Commercial Banking

The Commercial Banking segment primarily generates commercial loan and deposit products. Commercial loan products include CRE lending, construction finance, commercial business lending, working capital lines of credit, trade finance, letters of credit, affordable housing lending, asset-based lending, asset-backed finance, project finance and equipment financing. Commercial deposit products and other financial services include treasury management, foreign exchange services, and interest rate and commodity risk hedging.

The following table presents additional financial information for the Commercial Banking segment for the periods indicated:

	Year Ended December 31,				
			Change from 2022		
($ in thousands)	**2023**	**2022**	**$**	**%**	**2021**
Net interest income before provision for (reversal of) credit losses	$ 992,519	$ 892,386	$ 100,133	11 %	$ 766,202
Noninterest income	174,465	179,248	(4,783)	(3)%	163,768
Total revenue	1,166,984	1,071,634	95,350	9 %	929,970
Provision for (reversal of) credit losses	106,578	46,303	60,275	130 %	(30,002)
Noninterest expense	382,865	314,185	68,680	22 %	275,649
Segment income before income taxes	677,541	711,146	(33,605)	(5)%	684,323
Income tax expense	199,123	203,679	(4,556)	(2)%	195,090
Segment net income	$ 478,418	$ 507,467	$ (29,049)	(6)%	$ 489,233
Average loans	$ 31,613,809	$ 29,550,386	$ 2,063,423	7 %	$ 25,794,004
Average deposits	$ 17,825,312	$ 17,276,427	$ 548,885	3 %	$ 17,122,743

Commercial Banking segment net income decreased by $29 million or 6% year-over-year to $478 million in 2023. This decrease was primarily driven by higher noninterest expense and provision for credit losses, partially offset by higher net interest income. Net interest income before provision for credit losses increased by $100 million or 11% to $993 million, driven by higher loan interest income from commercial loan growth. Provision for credit losses increased by $60 million or 130% year-over-year to $107 million, primarily driven by loan growth and changes to the macroeconomic outlook. Noninterest expense increased by $69 million or 22% to $383 million, primarily due to higher deposit insurance premiums and regulatory assessments from the FDIC charge in the fourth quarter of 2023, deposit account expense, and allocated corporate overhead expenses.

Other

Centralized functions, including the corporate treasury activities of the Company and eliminations of inter-segment amounts, have been aggregated and included in the Other segment, which provides broad administrative support to the two core segments, namely the Consumer and Business Banking and the Commercial Banking segments.

The following table presents additional financial information for the Other segment for the periods indicated:

	Year Ended December 31,				
			Change from 2022		
($ in thousands)	2023	2022	$	%	2021
Net interest income (loss)	$ 80,906	$ (17,355)	$ 98,261	NM	$ 68,268
Noninterest income	18,690	9,279	9,411	101 %	28,002
Total revenue (loss)	99,596	(8,076)	107,672	NM	96,270
Noninterest expense	162,261	147,326	14,935	10 %	155,805
Segment loss before income taxes	(62,665)	(155,402)	92,737	60 %	(59,535)
Income tax benefit	(149,042)	(167,898)	18,856	11 %	(134,653)
Segment net income	$ 86,377	$ 12,496	$ 73,881	NM	$ 75,118
Average deposits	$ 3,468,506	$ 3,744,822	$ (276,316)	(7)%	$ 2,681,097

NM - Not meaningful

The Other segment reported segment loss before income taxes of $63 million and segment net income of $86 million, reflecting an income tax benefit of $149 million in 2023. The decrease in segment loss before income taxes was primarily driven by higher net interest income. The $98 million year-over-year increase in net interest income was primarily driven by a higher yield on interest-bearing cash and deposits with banks and debt securities in 2023, partially offset by higher costs of borrowings.

The income tax expense or benefit in the Other segment consists of the remaining unallocated income tax expense or benefit after allocating income tax expense to the two core segments, and reflects the impact of tax credit investment activity. Income tax expense is allocated to the Consumer and Business Banking and the Commercial Banking segments by applying statutory income tax rates to the segment income before income taxes. Tax credit investment amortization is allocated to the Other segment.

Balance Sheet Analysis

Debt Securities

The Company maintains a portfolio of high quality and liquid debt securities with a moderate duration profile. It closely manages the overall portfolio credit, interest rate and liquidity risks. The Company's debt securities provide:

- interest income for earnings and yield enhancement;
- funding availability for needs arising during the normal course of business;
- the ability to execute interest rate risk management strategies in response to changes in economic or market conditions; and
- collateral to support pledging agreements as required and/or to enhance the Company's borrowing capacity.

While the Company does not intend to sell its debt securities, it may sell AFS debt securities in response to changes in the balance sheet and related interest rate risk to meet liquidity, regulatory and strategic requirements.

The following table presents the distribution of the Company's AFS and HTM debt securities portfolio as of December 31, 2023 and 2022, and by credit ratings as of December 31, 2023:

($ in thousands)	December 31, 2023 Amortized Cost	December 31, 2023 Fair Value	December 31, 2023 % of Fair Value	December 31, 2022 Amortized Cost	December 31, 2022 Fair Value	December 31, 2022 % of Fair Value	Rating as of December 31, 2023 [(1)] AAA/AA	A	BBB	BB and Lower	No Rating [(2)]
AFS debt securities:											
U.S. Treasury securities	$ 1,112,587	$ 1,060,375	17 %	$ 676,306	$ 606,203	10 %	100 %	— %	— %	— %	— %
U.S. government agency and U.S. government-sponsored enterprise debt securities	412,086	364,446	6 %	517,806	461,607	8 %	100 %	— %	— %	— %	— %
U.S. government agency and U.S. government-sponsored enterprise mortgage-backed securities	2,488,304	2,195,853	35 %	2,588,446	2,262,464	37 %	100 %	— %	— %	— %	— %
Municipal securities	297,283	261,016	4 %	303,884	257,099	4 %	98 %	— %	— %	— %	2 %
Non-agency mortgage-backed securities	1,052,913	921,187	15 %	1,209,714	1,047,553	17 %	82 %	— %	— %	— %	18 %
Corporate debt securities	653,501	502,425	8 %	673,502	526,274	9 %	— %	32 %	66 %	2 %	— %
Foreign government bonds	239,333	227,874	4 %	241,165	227,053	4 %	47 %	53 %	— %	— %	— %
Asset-backed securities	43,234	42,300	1 %	51,152	49,076	1 %	100 %	— %	— %	— %	— %
Collateralized loan obligations	617,250	612,861	10 %	617,250	597,664	10 %	96 %	4 %	— %	— %	— %
Total AFS debt securities	**$ 6,916,491**	**$ 6,188,337**	**100 %**	**$ 6,879,225**	**$ 6,034,993**	**100 %**	**87 %**	**5 %**	**5 %**	**0 %**	**3 %**
HTM debt securities:											
U.S. Treasury securities	$ 529,548	$ 488,551	20 %	$ 524,081	$ 471,469	19 %	100 %	— %	— %	— %	— %
U.S. government agency and U.S. government-sponsored enterprise debt securities	1,001,836	814,932	33 %	998,972	789,412	32 %	100 %	— %	— %	— %	— %
U.S. government agency and U.S. government-sponsored enterprise mortgage-backed securities	1,235,784	1,004,697	41 %	1,289,106	1,042,310	43 %	100 %	— %	— %	— %	— %
Municipal securities	188,872	145,791	6 %	189,709	151,980	6 %	100 %	— %	— %	— %	— %
Total HTM debt securities	**$ 2,956,040**	**$ 2,453,971**	**100 %**	**$ 3,001,868**	**$ 2,455,171**	**100 %**	**100 %**	**— %**	**— %**	**— %**	**— %**
Total debt securities	**$ 9,872,531**	**$ 8,642,308**		**$ 9,881,093**	**$ 8,490,164**						

(1) Credit ratings express opinions about the credit quality of a debt security. The Company determines the credit rating of a security according to the lowest credit rating made available by nationally recognized statistical rating organizations ("NRSROs"). Debt securities rated investment grade, which are those with ratings similar to BBB- or above (as defined by NRSROs), are generally considered by the rating agencies and market participants to be low credit risk. Ratings percentages are allocated based on fair value.

(2) For debt securities not rated by NRSROs, the Company uses other factors which include but are not limited to the priority in collections within the securitization structure, and whether the contractual payments have historically been on time.

As of December 31, 2023, the Company's AFS and HTM debt securities portfolios had an effective duration (defined as the sensitivity of the value of the portfolio to interest rate changes) of 3.6 and 7.5, respectively, compared with 4.1 and 8.0, respectively, as of December 31, 2022. The modest decreases in both the AFS and HTM effective durations were due to the portfolio seasoning.

Available-for-Sale Debt Securities

The fair value of AFS debt securities totaled $6.2 billion as of December 31, 2023, an increase of $153 million or 3% from $6.0 billion as of December 31, 2022. The increase was primarily due to yield curve movement. The Company's AFS debt securities are carried at fair value with non-credit related unrealized gains and losses, net of tax, reported in *Other comprehensive income (loss)* on the Consolidated Statement of Comprehensive Income. Pre-tax net unrealized losses on AFS debt securities were $728 million as of December 31, 2023, compared with $844 million as of December 31, 2022.

As of both December 31, 2023 and 2022, 97% of the carrying value of the AFS debt securities portfolio was rated investment grade by NRSROs. Of the AFS debt securities with gross unrealized losses, substantially all were rated investment grade as of both December 31, 2023 and 2022. There was no allowance for credit losses provided against the AFS debt securities as of both December 31, 2023 and 2022. During 2023, the Company recognized $7 million in net losses on AFS debt securities, consisting of a $10 million impairment write-off on a subordinated debt security, partially offset by a $3 million gain on the sale of the same security. There were no credit losses recognized in earnings for 2022.

Held-to-Maturity Debt Securities

All HTM debt securities were issued, guaranteed, or supported by the U.S. government or government-sponsored enterprises. Accordingly, the Company applied a zero credit loss assumption for these securities and no allowance for credit loss was recorded as of both December 31, 2023 and 2022.

For additional information on AFS and HTM securities, see *Note 1 — Summary of Significant Accounting Policies, Note 2 — Fair Value Measurement and Fair Value of Financial Instruments* and *Note 4 — Securities* to the Consolidated Financial Statements in this Form 10-K.

Loan Portfolio

The Company offers a broad range of financial products designed to meet the credit needs of its borrowers. The Company's loan portfolio segments include commercial loans, which consist of C&I, CRE, multifamily residential, and construction and land loans, as well as consumer loans, which consist of single-family residential, home equity lines of credit ("HELOCs") and other consumer loans. Loans held-for-investment totaled $52.2 billion as of December 31, 2023, an increase of $4.0 billion, or 8%, from $48.2 billion as of December 31, 2022. This increase was primarily driven by increases of $1.8 billion or 13% in total residential mortgage loans, $1.4 billion or 7% in total CRE loans, and $870 million or 6% in C&I loans. The composition of the loan portfolio as of December 31, 2023 was similar to the composition as of December 31, 2022.

The following table presents the composition of the Company's total loan portfolio by loan type as of December 31, 2023 and 2022:

	December 31,			
	2023		2022	
($ in thousands)	**Amount**	**%**	**Amount**	**%**
Commercial:				
C&I	$ 16,581,079	32 %	$ 15,711,095	33 %
CRE:				
CRE	14,777,081	28 %	13,857,870	29 %
Multifamily residential	5,023,163	10 %	4,573,068	9 %
Construction and land	663,868	1 %	638,420	1 %
Total CRE	20,464,112	39 %	19,069,358	39 %
Total commercial	**37,045,191**	**71 %**	**34,780,453**	**72 %**
Consumer:				
Residential mortgage:				
Single-family residential	13,383,060	26 %	11,223,027	23 %
HELOCs	1,722,204	3 %	2,122,655	5 %
Total residential mortgage	15,105,264	29 %	13,345,682	28 %
Other consumer	60,327	0 %	76,295	0 %
Total consumer	**15,165,591**	**29 %**	**13,421,977**	**28 %**
Total loans held-for-investment (1)	**52,210,782**	**100 %**	**48,202,430**	**100 %**
Allowance for loan losses	(668,743)		(595,645)	
Loans held-for-sale (2)	116		25,644	
Total loans, net	**$ 51,542,155**		**$ 47,632,429**	

(1) Includes $71 million and $70 million of net deferred loan fees and net unamortized premiums as of December 31, 2023, and 2022, respectively.
(2) Consists of a single-family residential loan as of December 31, 2023 and C&I loans as of December 31, 2022.

Commercial

The commercial loan portfolio comprised 71% and 72% of total loans as of December 31, 2023 and 2022, respectively. The Company actively monitors the commercial lending portfolio for credit risk and reviews credit exposures for sensitivity to changing economic conditions.

Commercial — Commercial and Industrial Loans. Total C&I loan commitments were $24.6 billion as of December 31, 2023, an increase of $1.8 billion or 8% from $22.8 billion as of December 31, 2022, with a utilization rate of 67% as of December 31, 2023, compared with 69% as of December 31, 2022. Total C&I loans were $16.6 billion as of December 31, 2023, an increase of $870 million or 6% from $15.7 billion as of December 31, 2022. Total C&I loans made up 32% and 33% of total loans held-for-investment as of December 31, 2023 and 2022, respectively. The C&I loan portfolio includes loans and financing for businesses across a wide spectrum of industries. The Company offers a variety of C&I products, including commercial business lending, working capital lines of credit, trade finance, letters of credit, asset-based lending, asset-backed finance, project finance and equipment financing. Additionally, the Company has a portfolio of broadly syndicated C&I loans, which represent revolving or term loan facilities that are marketed and sold primarily to institutional investors. This portfolio totaled $645 million and $856 million as of December 31, 2023 and 2022, respectively. The majority of the C&I loans had variable interest rates as of both December 31, 2023, and 2022.

The C&I portfolio is well-diversified by industry. The Company monitors concentrations within the C&I loan portfolio by industry and customer exposure, and has exposure limits by industry and loan product. The following table presents the industry mix within the Company's C&I loan portfolio as of December 31, 2023, and 2022:

	December 31, 2023			December 31, 2022	
($ in thousands)	**Amount**	**%**	**($ in thousands)**	**Amount**	**%**
Industry:			**Industry:**		
Private equity	$ 2,553,718	16 %	Private equity	$ 2,238,723	14 %
Media & entertainment	1,891,199	12 %	Media & entertainment	1,841,719	12 %
Real estate investment & management	1,540,516	9 %	Real estate investment & management	1,272,169	8 %
Infrastructure & clean energy	890,307	5 %	Manufacturing & wholesale	1,091,933	7 %
Manufacturing & wholesale	803,606	5 %	Infrastructure & clean energy	820,095	5 %
Tech & telecom	729,922	4 %	Food production & distribution	738,636	5 %
Food production & distribution	655,340	4 %	Tech & telecom	618,719	4 %
Hospitality & leisure	576,328	4 %	Hospitality & leisure	562,234	4 %
Oil & gas	563,350	3 %	Oil & gas	519,784	3 %
Consumer nondurable goods	378,583	2 %	Consumer nondurable goods	425,214	3 %
All other C&I	5,998,210	36 %	All other C&I	5,581,869	35 %
Total C&I	**$ 16,581,079**	**100 %**	**Total C&I**	**$ 15,711,095**	**100 %**

Commercial — Total Commercial Real Estate Loans. Total CRE loans totaled $20.5 billion as of December 31, 2023, which grew by $1.4 billion, or 7%, from $19.1 billion as of December 31, 2022, and accounted for 39% of total loans held-for-investment as of both December 31, 2023 and 2022. The total CRE portfolio consists of CRE, multifamily residential, and construction and land loans, and affordable housing lending. The increase in total CRE loans was driven by well-diversified growth across our major property types, partially offset by a decrease in office CRE loans. The Company's underwriting parameters for CRE loans are established in compliance with supervisory guidance, including: property type, geography and loan-to-value ("LTV"). The consistency of the Company's low LTV underwriting standards has historically resulted in lower credit losses.

The Company's total CRE loan portfolio is well-diversified by property type with an average CRE loan size of $3 million as of both December 31, 2023 and 2022. The following table summarizes the Company's total CRE loans by property type as of December 31, 2023 and 2022:

($ in thousands)	December 31, 2023 Amount	December 31, 2023 %	December 31, 2022 Amount	December 31, 2022 %
Property type:				
Multifamily	$ 5,023,164	25 %	$ 4,573,068	24 %
Retail [(1)]	4,297,569	21 %	4,075,768	22 %
Industrial [(1)]	3,997,764	20 %	3,617,086	19 %
Hotel [(1)]	2,446,504	12 %	2,085,910	11 %
Office [(1)]	2,271,508	11 %	2,522,554	13 %
Healthcare [(1)]	852,362	4 %	796,577	4 %
Construction and land	663,868	3 %	638,420	3 %
Other [(1)]	911,373	4 %	759,975	4 %
Total CRE loans	**$ 20,464,112**	**100 %**	**$ 19,069,358**	**100 %**

(1) Included in CRE loans, which are a subset of Total CRE loans.

The weighted-average LTV ratio of the total CRE loan portfolio was 50% as of December 31, 2023, compared with 51% as of December 31, 2022. Weighted average LTV is based on the most recent LTV, which is based on the latest available appraisal and current loan commitment. Approximately 91% and 90% of total CRE loans had an LTV ratio of 65% or lower as of December 31, 2023 and 2022, respectively.

The following tables provide a summary of the Company's CRE, multifamily residential, and construction and land loans by geography as of December 31, 2023 and 2022. The distribution of the total CRE loan portfolio largely reflects the Company's geographical branch footprint, which is primarily concentrated in California:

	December 31, 2023							
($ in thousands)	CRE	%	Multifamily Residential	%	Construction and Land	%	Total	%
Geographic markets:								
Southern California	$ 7,604,053	51 %	$ 2,295,592	46 %	$ 294,879	44 %	$ 10,194,524	50 %
Northern California	2,737,635	19 %	1,055,852	21 %	147,031	22 %	3,940,518	19 %
California	10,341,688	70 %	3,351,444	67 %	441,910	66 %	14,135,042	69 %
Texas	1,122,428	8 %	445,391	9 %	41,768	6 %	1,609,587	8 %
New York	696,950	5 %	287,961	6 %	43,227	7 %	1,028,138	5 %
Washington	495,577	3 %	173,367	3 %	10,375	2 %	679,319	3 %
Arizona	355,047	2 %	148,970	3 %	38,897	6 %	542,914	3 %
Nevada	257,105	2 %	142,133	3 %	6,325	1 %	405,563	2 %
Other markets	1,508,286	10 %	473,897	9 %	81,366	12 %	2,063,549	10 %
Total loans	**$ 14,777,081**	**100 %**	**$ 5,023,163**	**100 %**	**$ 663,868**	**100 %**	**$ 20,464,112**	**100 %**

($ in thousands)	December 31, 2022 CRE	%	Multifamily Residential	%	Construction and Land	%	Total	%
Geographic markets:								
Southern California	$ 7,233,902	52 %	$ 2,215,632	48 %	$ 222,425	35 %	$ 9,671,959	51 %
Northern California	2,798,840	20 %	890,002	20 %	235,732	37 %	3,924,574	20 %
California	10,032,742	72 %	3,105,634	68 %	458,157	72 %	13,596,533	71 %
Texas	1,150,401	8 %	410,872	9 %	2,153	0 %	1,563,426	8 %
New York	682,096	5 %	221,253	5 %	99,595	16 %	1,002,944	5 %
Washington	449,423	3 %	173,611	4 %	15,557	2 %	638,591	3 %
Arizona	291,114	2 %	95,460	2 %	297	0 %	386,871	2 %
Nevada	159,092	1 %	108,060	2 %	30,673	5 %	297,825	2 %
Other markets	1,093,002	9 %	458,178	10 %	31,988	5 %	1,583,168	9 %
Total loans	**$ 13,857,870**	**100 %**	**$ 4,573,068**	**100 %**	**$ 638,420**	**100 %**	**$ 19,069,358**	**100 %**

As of December 31, 2023 and 2022, 69% and 71%, respectively, of total CRE loans were concentrated in California. Changes in California's economy and real estate values could have a significant impact on the collectability of these loans and the required level of allowance for loan losses. For additional information related to the higher degree of risk from a downturn in the California real estate markets, see *Item 1A. Risk Factors — Risks Related to Geopolitical Uncertainties* in this Form 10-K.

Commercial — Commercial Real Estate Loans. The Company focuses on providing financing to experienced real estate investors and developers who have moderate levels of leverage, many of whom are long-time customers of the Bank. CRE loans totaled $14.8 billion as of December 31, 2023, compared with $13.9 billion as of December 31, 2022, and accounted for 28% and 29% of total loans held-for-investment as of December 31, 2023 and 2022, respectively. Interest rates on CRE loans may be fixed, variable or hybrid. As of December 31, 2023, 58% of our CRE portfolio was variable rate, of which 50% had customer-level interest rate derivative contracts in place. These were hedging contracts offered by the Company to help our customers manage their interest rate risk while the Bank's own exposure remained variable rate. In comparison, as of December 31, 2022, 65% of our CRE portfolio was variable rate, of which 47% had customer-level interest rate derivative contracts in place. Loans are underwritten with conservative standards for cash flows, debt service coverage and LTV.

Owner-occupied properties comprised 20% of the CRE loans as of both December 31, 2023 and 2022. The remainder were non-owner-occupied properties, where 50% or more of the debt service for the loan is typically provided by rental income from an unaffiliated third party.

Commercial — Multifamily Residential Loans. The multifamily residential loan portfolio is largely comprised of loans secured by residential properties with five or more units. Multifamily residential loans totaled $5.0 billion as of December 31, 2023, compared with $4.6 billion as of December 31, 2022, and accounted for 10% and 9% of total loans held-for-investment as of December 31, 2023 and 2022, respectively. The Company offers a variety of first lien mortgages, including fixed- and variable-rate loans, as well as hybrid loans with interest rates that adjust annually after an initial fixed rate period of three to ten years. As of December 31, 2023, 48% of our multifamily residential portfolio was variable rate, of which 40% had customer-level interest rate derivative contracts in place. These were hedging contracts offered by the Company to help our customers manage their interest rate risk while the Bank's own exposure remained variable rate. In comparison, as of December 31, 2022, 57% of our multifamily residential loan portfolio was variable rate, of which 34% had customer-level interest rate derivative contracts in place.

Commercial — Construction and Land Loans. Construction and land loans provide financing for a portfolio of projects diversified by real estate property type. Construction and land loans totaled $664 million as of December 31, 2023, compared with $638 million as of December 31, 2022, and accounted for 1% of total loans held-for-investment as of both dates. Construction loan exposure was made up of $526 million in loans outstanding and $672 million in unfunded commitments, as of December 31, 2023, compared with $537 million in loans outstanding and $611 million in unfunded commitments as of December 31, 2022. Land loans totaled $138 million as of December 31, 2023, compared with $102 million as of December 31, 2022.

Consumer

Residential mortgage loans are primarily originated through the Bank's branch network. The average total residential loan size was $436 thousand and $434 thousand as of December 31, 2023 and 2022, respectively. The following tables summarize the Company's single-family residential and HELOC loan portfolios by geography as of December 31, 2023 and 2022:

	December 31, 2023					
($ in thousands)	**Single-Family Residential**	**%**	**HELOCs**	**%**	**Total Residential Mortgage**	**%**
Geographic markets:						
Southern California	$ 4,990,848	37 %	$ 799,571	46 %	$ 5,790,419	38 %
Northern California	1,650,905	13 %	370,989	22 %	2,021,894	13 %
California	6,641,753	50 %	1,170,560	68 %	7,812,313	51 %
New York	4,376,416	33 %	247,202	14 %	4,623,618	31 %
Washington	696,028	5 %	184,843	11 %	880,871	6 %
Massachusetts	391,666	3 %	67,016	4 %	458,682	3 %
Georgia	432,258	3 %	17,123	1 %	449,381	3 %
Nevada	404,837	3 %	33,959	2 %	438,796	3 %
Texas	423,972	3 %	—	— %	423,972	3 %
Other markets	16,130	0 %	1,501	0 %	17,631	0 %
Total	**$ 13,383,060**	**100 %**	**$ 1,722,204**	**100 %**	**$ 15,105,264**	**100 %**
Lien priority:						
First mortgage	$ 13,383,060	100 %	$ 1,331,509	77 %	$ 14,714,569	97 %
Junior lien mortgage	—	— %	390,695	23 %	390,695	3 %
Total	**$ 13,383,060**	**100 %**	**$ 1,722,204**	**100 %**	**$ 15,105,264**	**100 %**

	December 31, 2022					
($ in thousands)	**Single-Family Residential**	**%**	**HELOCs**	**%**	**Total Residential Mortgage**	**%**
Geographic markets:						
Southern California	$ 4,142,623	37 %	$ 959,632	45 %	$ 5,102,255	38 %
Northern California	1,294,721	11 %	492,921	23 %	1,787,642	14 %
California	5,437,344	48 %	1,452,553	68 %	6,889,897	52 %
New York	3,964,779	35 %	286,285	14 %	4,251,064	32 %
Washington	632,892	6 %	236,434	11 %	869,326	7 %
Massachusetts	299,051	3 %	85,590	4 %	384,641	3 %
Georgia	303,615	3 %	21,493	1 %	325,108	2 %
Texas	316,771	3 %	—	— %	316,771	2 %
Nevada	253,702	2 %	40,300	2 %	294,002	2 %
Other markets	14,873	0 %	—	— %	14,873	0 %
Total	**$ 11,223,027**	**100 %**	**$ 2,122,655**	**100 %**	**$ 13,345,682**	**100 %**
Lien priority:						
First mortgage	$ 11,223,027	100 %	$ 1,770,741	83 %	$ 12,993,768	97 %
Junior lien mortgage	—	— %	351,914	17 %	351,914	3 %
Total	**$ 11,223,027**	**100 %**	**$ 2,122,655**	**100 %**	**$ 13,345,682**	**100 %**

Consumer — Single-Family Residential Loans. Single-family residential loans totaled $13.4 billion or 26% of total loans held-for-investment as of December 31, 2023, compared with $11.2 billion or 23% of total loans held-for-investment as of December 31, 2022. Year-over-year, single-family residential loans increased $2.2 billion or 19%, primarily driven by organic growth in mortgages and residential properties in California and New York. The Company was in a first lien position for all of its single-family residential loans as of both December 31, 2023 and 2022. Many of these loans are reduced documentation loans, for which a substantial down payment is required, resulting in a low LTV ratio at origination, typically 65% or less. The weighted-average LTV ratio was 53% as of both December 31, 2023 and 2022. These loans have historically experienced low delinquency and loss rates. The Company offers a variety of single-family residential first lien mortgage loan programs, including fixed- and variable-rate loans, as well as hybrid loans with interest rates that adjust on a regular basis, typically annually, after an initial fixed-rate period.

Consumer — Home Equity Lines of Credit. Total HELOC commitments were $5.2 billion as of December 31, 2023, which decreased by $274 million or 5% from $5.5 billion as of December 31, 2022, with a utilization rate of 33% as of December 31, 2023, compared with 39% as of December 31, 2022. Substantially all of the Company's unfunded HELOC commitments are unconditionally cancellable. HELOCs outstanding totaled $1.7 billion as of December 31, 2023, compared with $2.1 billion as of December 31, 2022, and accounted for 3% and 5% of total loans held-for-investment as of December 31, 2023 and 2022, respectively. Year-over-year, HELOCs outstanding decreased $400 million, or 19%. The Company was in a first lien position for 77% and 83% of total outstanding HELOCs as of December 31, 2023 and 2022, respectively. The weighted-average LTV ratio was 48% on HELOC commitments as of December 31, 2023, compared with 49% as of December 31, 2022. Weighted-average LTV ratio represents the loan's balance divided by the estimated current property value. Combined LTV ratios are used for junior lien home equity loans. Many of these loans are reduced documentation loans, for which a substantial down payment is required, resulting in a low LTV ratio at origination, typically 65% or less. As a result, these loans have historically experienced low delinquency and loss rates. Substantially all of the Company's HELOCs were variable-rate loans as of both December 31, 2023 and 2022.

All originated commercial and consumer loans are subject to the Company's conservative underwriting guidelines and loan origination standards. Management believes that the Company's underwriting criteria and procedures adequately consider the unique risks associated with these products. The Company conducts a variety of quality control procedures and periodic audits, including the review of lending and legal requirements, to ensure that the Company is in compliance with these requirements.

The following table presents the contractual loan maturities by loan category and the contractual distribution of loans to changes in interest rates as of December 31, 2023:

($ in thousands)	Due within one year	Due after one year through five years	Due after five years through fifteen years	Due after fifteen years	Total
Commercial:					
C&I	$ 6,377,460	$ 9,423,384	$ 615,317	$ 164,918	$ 16,581,079
CRE:					
CRE	1,335,154	6,980,010	6,324,116	137,801	14,777,081
Multifamily residential	215,519	1,352,396	1,604,163	1,851,085	5,023,163
Construction and land	298,450	334,460	30,734	224	663,868
Total CRE	1,849,123	8,666,866	7,959,013	1,989,110	20,464,112
Total commercial	**8,226,583**	**18,090,250**	**8,574,330**	**2,154,028**	**37,045,191**
Consumer:					
Residential mortgage:					
Single-family residential	638	6,423	1,453,334	11,922,665	13,383,060
HELOCs	—	1,557	126,301	1,594,346	1,722,204
Total residential mortgage	638	7,980	1,579,635	13,517,011	15,105,264
Other consumer	33,234	24,744	2,349	—	60,327
Total consumer	**33,872**	**32,724**	**1,581,984**	**13,517,011**	**15,165,591**
Total loans held-for-investment	**$ 8,260,455**	**$ 18,122,974**	**$ 10,156,314**	**$ 15,671,039**	**$ 52,210,782**
Distribution of loans to changes in interest rates:					
Variable-rate loans	$ 6,769,986	$ 14,464,347	$ 4,439,201	$ 4,513,263	$ 30,186,797
Fixed-rate loans	1,445,872	3,050,536	2,677,252	4,166,473	11,340,133
Hybrid adjustable-rate loans	44,597	608,091	3,039,861	6,991,303	10,683,852
Total loans held-for-investment	**$ 8,260,455**	**$ 18,122,974**	**$ 10,156,314**	**$ 15,671,039**	**$ 52,210,782**

Foreign Outstandings

The Company's overseas offices, which include the branch in Hong Kong and the subsidiary bank in China, are subject to the general risks inherent in conducting business in foreign countries, such as regulatory, economic and political uncertainties. As such, the Company's international operation risk exposure is largely concentrated in China and Hong Kong. In addition, the Company's financial assets held in the Hong Kong branch and the subsidiary bank in China may be affected by fluctuations in currency exchange rates or other factors. The following table presents the major financial assets held in the Company's overseas offices as of December 31, 2023 and 2022:

	December 31,			
	2023		2022	
($ in thousands)	Amount	% of Total Consolidated Assets	Amount	% of Total Consolidated Assets
Hong Kong branch:				
Cash and cash equivalents	$ 631,487	1 %	$ 911,784	1 %
Interest-bearing deposits with banks	$ —	— %	$ 28,772	0 %
AFS debt securities (1)	$ 546,495	1 %	$ 281,804	0 %
Loans held-for-investment (2)	$ 934,734	1 %	$ 968,450	2 %
Total assets	$ 2,115,857	3 %	$ 2,212,606	3 %
Subsidiary bank in China:				
Cash and cash equivalents	$ 719,058	1 %	$ 556,656	1 %
AFS debt securities (3)	$ 120,167	0 %	$ 122,053	0 %
Loans held-for-investment (2)	$ 1,328,383	2 %	$ 1,170,437	2 %
Total assets	$ 2,156,548	3 %	$ 1,836,811	3 %

(1) Comprised of U.S. Treasury securities and foreign government bonds as of both December 31, 2023 and 2022.
(2) Primarily comprised of C&I loans as of both December 31, 2023 and 2022.
(3) Comprised of foreign government bonds as of both December 31, 2023 and 2022.

The following table presents the total revenue generated by the Company's overseas offices in 2023, 2022 and 2021:

	Year Ended December 31,					
	2023		2022		2021	
($ in thousands)	Amount	% of Total Consolidated Revenue	Amount	% of Total Consolidated Revenue	Amount	% of Total Consolidated Revenue
Hong Kong Branch:						
Total revenue	$ 55,747	2 %	$ 47,644	2 %	$ 25,221	1 %
Subsidiary Bank in China:						
Total revenue	$ 32,569	1 %	$ 38,022	2 %	$ 27,252	1 %

Capital

The Company maintains a strong capital base to support its anticipated asset growth, operating needs, and credit risks, and to ensure that the Company and the Bank are in compliance with all regulatory capital guidelines. The Company engages in regular capital planning processes on at least an annual basis to optimize the use of available capital and to appropriately plan for future capital needs, allocating capital to existing and future business activities. Furthermore, the Company conducts capital stress tests as part of its capital planning process. The stress tests enable the Company to assess the impact of adverse changes in the economy and interest rates on its capital base.

On March 3, 2020, the Company's Board of Directors authorized the repurchase of $500 million of the Company's common stock. During the fourth quarter of 2023, the Company repurchased $82 million of common stock or 1,506,091 shares, at an average price of $54.56 per share. In comparison, the Company repurchased $100 million of common stock or 1,385,517 shares, at an average price of $72.17 per share in 2022. The total remaining available capital authorized for repurchase as of December 31, 2023 was $172 million.

The Company's stockholders' equity was $7.0 billion as of December 31, 2023, an increase of $966 million or 16% from $6.0 billion as of December 31, 2022. The increase in the Company's stockholders' equity was primarily due to 2023 net income of $1.2 billion, partially offset by cash dividends declared of $274 million. For other factors that contributed to the changes in stockholders' equity, refer to *Item 8. Financial Statements — Consolidated Statement of Changes in Stockholders' Equity* in this Form 10-K.

Book value was $49.64 per common share as of December 31, 2023, an increase of 17% from $42.46 per common share as of December 31, 2022, primarily due to the factors described above. Tangible book value per share was $46.27 as of December 31, 2023, compared with $39.10 as of December 31, 2022. For additional details, see the reconciliation of non-GAAP measures presented under *Item 7. MD&A — Reconciliation of GAAP to Non-GAAP Financial Measures* in this Form 10-K.

The Company paid a cash dividend of $1.92 per share in 2023, compared with $1.60 per share in 2022, an increase of 20%. In January 2024, the Company's Board of Directors declared a first quarter 2024 cash dividend of $0.55 per share, which represents a 15% increase or seven cents per share, from the previous quarterly cash dividend of $0.48 per share. The dividend was paid on February 15, 2024, to stockholders of record as of February 2, 2024.

Deposits and Other Sources of Funding

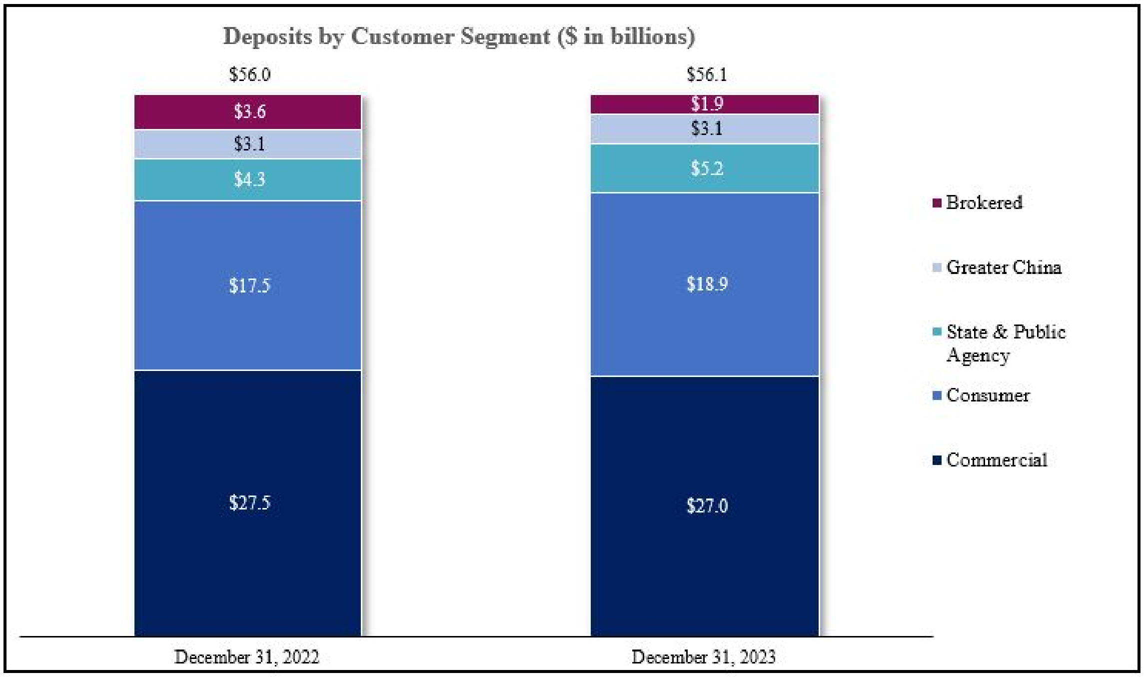
Deposits are the Company's primary source of funding, the cost of which has a significant impact on the Company's net interest income and net interest margin. Additional funding is provided by short- and long-term borrowings, and long-term debt. See *Item 7. MD&A — Risk Management — Liquidity Risk Management — Liquidity* in this Form 10-K for a discussion of the Company's liquidity management. The following table summarizes the Company's sources of funds as of December 31, 2023 and 2022:

	December 31, 2023		December 31, 2022		Change	
($ in thousands)	**Amount**	**%**	**Amount**	**%**	**$**	**%**
Deposits:						
Noninterest-bearing demand	$ 15,539,872	28 %	$ 21,051,090	38 %	$ (5,511,218)	(26) %
Interest-bearing checking	7,558,908	14 %	6,672,165	12 %	886,743	13 %
Money market	13,108,727	23 %	12,265,024	22 %	843,703	7 %
Savings	1,841,467	3 %	2,649,037	4 %	(807,570)	(30) %
Time deposits	18,043,464	32 %	13,330,533	24 %	4,712,931	35 %
Total deposits	**$ 56,092,438**	**100 %**	**$ 55,967,849**	**100 %**	**$ 124,589**	0 %
Other Funds:						
Short-term borrowings	$ 4,500,000	97 %	$ —	— %	$ 4,500,000	100 %
Repurchase agreements	—	— %	300,000	67 %	(300,000)	(100) %
Long-term debt	148,249	3 %	147,950	33 %	299	0 %
Total other funds	**$ 4,648,249**	**100 %**	**$ 447,950**	**100 %**	**$ 4,200,299**	**NM**
Total sources of funds	**$ 60,740,687**		**$ 56,415,799**		**$ 4,324,888**	**8 %**

NM — Not meaningful.

Deposits

The Company's strategy is to grow and retain relationship-based deposits to provide a stable and low-cost source of funding and liquidity. Accordingly, the Company offers a wide variety of deposit products to meet the needs of its consumer and commercial customers. As a result, we believe our deposit base is seasoned, stable and well-diversified. The following chart presents the Company's deposits by customer segment as of December 31, 2023 and 2022.



Total deposits were $56.1 billion as of December 31, 2023, a slight increase of $125 million from $56.0 billion as of December 31, 2022. The increase in deposits was primarily driven by an increase in customer deposits, partially offset by a decrease in brokered deposits. The Company paid down a portion of its brokered deposits, which decreased the percentage of brokered deposits to 3% of total deposits as of December 31, 2023, compared with 6% as of December 31, 2022. Noninterest-bearing demand deposits decreased $5.5 billion year-over-year and comprised 28% and 38% of total deposits as of December 31, 2023 and 2022, respectively. Time deposits increased $4.7 billion year-over-year and comprised 32% and 24% of total deposits as of December 31, 2023 and 2022, respectively. The shift in deposit mix is primarily due to customer migration to higher yielding deposit products in response to the higher interest rate environment.

As of December 31, 2023, customer deposits of $52.9 billion were held in the Company's domestic offices and $1.6 billion were held in each of the subsidiary bank in China and the branch in Hong Kong. Customer deposit accounts in the U.S. offices are insured by the FDIC for up to $250,000. The deposits in the Company's subsidiary bank in China and the branch in Hong Kong are insured by each jurisdiction's deposit insurance authority for up to 500,000 RMB and 500,000 HKD, respectively. Uninsured deposits represent the portion of deposit accounts that exceed the insurance limits of the FDIC and each foreign jurisdiction. The Company calculates its uninsured deposits based on the methodologies and assumptions used for regulatory reporting.

The following table presents total uninsured deposits by location as of December 31, 2023 and 2022:

($ in thousands)	Domestic	China	Hong Kong	Total
Uninsured deposits as of 12/31/2023	$ 27,592,714	$ 1,572,592	$ 1,487,833	$ 30,653,139
Uninsured deposits as of 12/31/2022	$ 31,036,308	$ 1,569,671	$ 1,520,686	$ 34,126,665

Uninsured time deposits totaled $10.4 billion as of December 31, 2023. The following table presents the maturity distribution for uninsured customer time deposits by location as of December 31, 2023:

($ in thousands)	Domestic	China	Hong Kong	Total
Three months or less	$ 3,821,200	$ 73,432	$ 888,336	$ 4,782,968
Over three months through six months	2,335,839	185,106	88,831	2,609,776
Over six months through 12 months	2,202,842	328,482	32,509	2,563,833
Over 12 months	15,660	388,752	6	404,418
Total	**$ 8,375,541**	**$ 975,772**	**$ 1,009,682**	**$ 10,360,995**

Management believes that presenting uninsured domestic deposits as reported on Schedule RC-OM item 2 of the Bank's Call Report, with an adjustment to exclude collateralized and affiliate deposits provides a more accurate view of the deposits at risk, given that collateralized deposits are secured, and affiliate deposits are not customer-facing and are eliminated in consolidation. The Company's domestic uninsured deposits, excluding collateralized and affiliate deposits, ratio improved to 42% as of December 31, 2023, compared with 51% as of December 31, 2022. The Company is a participant in the IntraFi Network, a network that offers deposit placement services such as CDARS and ICS, that qualify large deposits for FDIC insurance. These reciprocal deposit structures provide protection to depositors by fully insuring deposits with other network banks and give the Company additional funding stability. The increasing use of these products during 2023 contributed to the improvement in the uninsured deposits, excluding collateralized and affiliate deposits ratio.

The following table summarizes the Company's uninsured domestic deposit balances reported on Schedule RC-OM item 2 of the Bank's Call Report as of December 31, 2023 and 2022, after certain adjustments:

($ in thousands)		December 31, 2023	December 31, 2022
Uninsured deposits, per regulatory reporting requirements		$ 27,592,714	$ 31,036,308
Less: Collateralized deposits		(4,631,047)	(3,780,329)
Affiliate deposits		(491,992)	(352,977)
Uninsured deposits, excluding collateralized and affiliate deposits	**(a)**	**$ 22,469,675**	**$ 26,903,002**
Total domestic deposits per the Call Report	**(b)**	**$ 53,486,990**	**$ 53,225,764**
Uninsured deposits, excluding collateralized and affiliate deposits, ratio	**(a) / (b)**	**42 %**	**51 %**

Additional information regarding the impact of deposits on net interest income, with a comparison of average deposit balances and rates, is provided in *Item 7 — MD&A — Results of Operations — Net Interest Income* in this Form 10-K.

Other Sources of Funding

The Company had $4.5 billion of short-term borrowings outstanding as of December 31, 2023, consisting of funds borrowed from the BTFP in March 2023. These borrowings were more cost effective than other borrowing sources and have a positive carry as cash placed at the Federal Reserve Bank. There were no short-term borrowings outstanding as of December 31, 2022. Refer to *Note 10 — Short-Term Borrowings and Long-Term Debt* to the Consolidated Financial Statements in this Form 10-K for additional information on the BTFP and the Company's related borrowings.

Repurchase agreements were $300 million as of December 31, 2022. The Company extinguished $300 million of repurchase agreements during the first quarter of 2023, and recorded $4 million of charges related to the extinguishment of repurchase agreements. For additional details, see *Note 3 — Assets Purchased under Resale Agreements and Sold under Repurchase Agreements* to the Consolidated Financial Statements in this Form 10-K.

The Company uses long-term debt to provide funding to acquire interest-earning assets, and to enhance liquidity and regulatory capital adequacy. Long-term debt consists of junior subordinated debt, which qualifies as Tier 2 capital for regulatory capital purposes. Refer to *Note 10 — Short-Term Borrowings and Long-Term Debt* and *Note 19 — Subsequent Events* to the Consolidated Financial Statements in this Form 10-K for additional information on the junior subordinated debt.

Regulatory Capital and Ratios

The federal banking agencies have risk-based capital adequacy requirements intended to ensure that banking organizations maintain capital that is commensurate with the degree of risk associated with their operations. The Company and the Bank are each subject to these regulatory capital adequacy requirements. See *Item 1. Business — Supervision and Regulation — Regulatory Capital Requirements* and *Regulatory Capital-Related Development* in this Form 10-K for additional details.

The Company adopted Accounting Standards Update 2016-13 on January 1, 2020, which requires the measurement of the allowance for credit losses to be based on management's best estimate of lifetime expected credit losses inherent in the Company's relevant financial assets. The Company has elected the phase-in option provided by a rule that permits certain banking organizations to exclude from regulatory capital the initial adoption impact of CECL, plus 25% of the cumulative changes in the allowance for credit losses under CECL for each period until December 31, 2021, followed by a three-year phase-out period in which the aggregate benefit is reduced by 25% in 2022, 50% in 2023 and 75% in 2024. Accordingly, our capital ratios as of December 31, 2023 reflect a delay of 50% of the estimated impact of CECL on regulatory capital.

The following table presents the Company's and the Bank's capital ratios as of December 31, 2023 and 2022 under the Basel III Capital Rules, and those required by regulatory agencies for capital adequacy and well-capitalized classification purposes:

	Basel III Capital Rules						
	December 31, 2023		December 31, 2022				
	Company	East West Bank	Company	East West Bank	Minimum Regulatory Requirements	Minimum Regulatory Requirements including Capital Conservation Buffer	Well-Capitalized Requirements
Risk-based capital ratios:							
CET 1 capital [(1)]	13.3 %	12.6 %	12.7 %	12.5 %	4.5 %	7.0 %	6.5 %
Tier 1 capital [(1)]	13.3 %	12.6 %	12.7 %	12.5 %	6.0 %	8.5 %	8.0 %
Total capital	14.8 %	13.8 %	14.0 %	13.5 %	8.0 %	10.5 %	10.0 %
Tier 1 leverage [(1)]	10.2 %	9.6 %	9.8 %	9.7 %	4.0 %	4.0 %	5.0 %

(1) The CET1 capital and Tier 1 leverage well-capitalized requirements apply only to the Bank since there is no CET1 capital component or Tier 1 leverage ratio component in the definition of a well-capitalized bank holding company. The well-capitalized Tier 1 capital ratio requirements for the Company and the Bank are 6.0% and 8.0%, respectively.

The Company is committed to maintaining strong capital levels to assure its investors, customers and regulators that the Company and the Bank are financially sound. As of both December 31, 2023 and 2022, the Company and the Bank continued to exceed all "well-capitalized" capital requirements and the required minimum capital requirements under the Basel III Capital Rules. Total risk-weighted assets were $53.7 billion as of December 31, 2023, compared with $50.0 billion as of December 31, 2022. The increase in risk-weighted assets was primarily due to growth across all major loan portfolios.

Risk Management

Overview

In the normal course of business, the Company is exposed to a variety of risks, some of which are inherent to the financial services industry and others of which are more specific to the Company's business. The Company operates under a Board-approved ERM framework, which outlines the company-wide approach to risk management and oversight, and describes the structures and practices employed to manage the current and emerging risks inherent to the Company. The Company's ERM program incorporates risk management throughout the organization in identifying, managing, monitoring and reporting risks. It identifies the Company's major risk categories as: credit, liquidity, capital, market, operational, compliance, legal, strategic, technology and reputational.

The Risk Oversight Committee of the Board of Directors monitors the ERM program through such identified risk categories and provides oversight of the Company's risk appetite and control environment. The Risk Oversight Committee provides focused oversight of the Company's identified enterprise risk categories on behalf of the full Board of Directors. Under the direction of the Risk Oversight Committee, management committees apply targeted strategies to manage the risks to which the Company's operations are exposed.

The Company's ERM program is executed along the three lines of defense model, which provides for a consistent and standardized risk management control environment across the enterprise. The first line of defense is comprised of production, operational, and support units. The second line of defense is comprised of various risk management and control functions charged with monitoring and managing specific major risk categories and/or risk subcategories. The third line of defense is comprised of the Internal Audit and Independent Asset Review ("IAR") functions. Internal Audit reports to the Chief Audit Executive ("CAE") who reports to the Board's Audit Committee. Internal Audit provides assurance and evaluates the effectiveness of risk management, control, and governance processes as established by the Company. IAR serves as an internal loan review and independent credit risk monitoring function within the Bank that works under the direction of the CAE and reports to the Board's Risk Oversight Committee ("ROC"). IAR provides management and the ROC with an objective and independent assessment of the Bank's credit profile and credit risk management process. Further discussion and analysis of selected primary risk areas are discussed in the following subsections of Risk Management.

Credit Risk Management

Credit risk is the risk that a borrower or a counterparty will fail to perform according to the terms and conditions of a loan or investment and expose the Company to loss. Credit risk exists with many of the Company's assets and exposures such as loans, debt securities and certain derivatives. The majority of the Company's credit risk is associated with lending activities.

The ROC has primary oversight responsibility for identified enterprise risk categories including credit risk. The ROC monitors management's assessment of asset quality, credit risk trends, credit quality administration, underwriting standards, and portfolio credit risk management strategies and processes, such as diversification and liquidity, all of which enable management to control credit risk. At the management level, the Credit Risk Management Committee has primary oversight responsibility for credit risk. The Senior Credit Supervision function manages credit policy for the line of business transactional credit risk, assuring that all exposure is risk-rated according to the requirements of the credit risk rating policy. The Senior Credit Supervision function evaluates and reports the overall credit risk exposure to senior management and the ROC. Reporting directly to the Board's ROC, the IAR function provides additional support to the Company's strong credit risk management culture by performing an independent and objective assessment of underwriting and documentation quality. A key focus of our credit risk management is adherence to a well-controlled underwriting and loan monitoring process.

The Company assesses the overall credit quality performance of the loans held-for-investment portfolio through an integrated analysis of specific performance ratios. This approach forms the basis of the discussion in the sections immediately following: Credit Quality, Nonperforming Assets, and Allowance for Credit Losses.

Credit Quality

The Company utilizes a credit risk rating system to assist in monitoring credit quality. Loans are evaluated using the Company's internal credit risk rating of 1 through 10. For more information on the Company's credit quality indicators and internal credit risk ratings, refer to *Note 6 — Loans Receivable and Allowance for Credit Losses* to the Consolidated Financial Statements in this Form 10-K.

The following table presents the Company's criticized loans as of December 31, 2023 and 2022:

($ in thousands)	December 31, 2023	December 31, 2022	Change $	Change %
Criticized loans:				
Special mention loans	$ 404,241	$ 468,471	$ (64,230)	(14) %
Classified loans [1]	573,969	427,509	146,460	34 %
Total criticized loans [2]	**$ 978,210**	**$ 895,980**	**$ 82,230**	**9 %**
Special mention loans to loans held-for-investment	0.77 %	0.97 %		
Classified loans to loans held-for-investment	1.10 %	0.89 %		
Criticized loans to loans held-for-investment	1.87 %	1.86 %		

(1) Consists of substandard, doubtful and loss categories.
(2) Excludes loans held-for-sale.

Nonperforming Assets

Nonperforming assets are comprised of nonaccrual loans, other real estate owned ("OREO") and other nonperforming assets. Other nonperforming assets and OREO are repossessed assets and properties, respectively, acquired through foreclosure, or through full or partial satisfaction of loans held-for-investment. Nonperforming assets were $114 million or 0.16% of total assets as of December 31, 2023, an increase of $14 million or 14%, compared with $100 million or 0.16% of total assets as of December 31, 2022.

The following table presents nonperforming assets information as of December 31, 2023 and 2022:

($ in thousands)	December 31, 2023	December 31, 2022	Change $	Change %
Commercial:				
C&I	$ 37,036	$ 50,428	$ (13,392)	(27)%
CRE:				
CRE	23,249	23,244	5	0 %
Multifamily residential	4,669	169	4,500	NM
Total CRE	27,918	23,413	4,505	19 %
Consumer:				
Residential mortgage:				
Single-family residential	24,377	14,240	10,137	71 %
HELOCs	13,411	11,346	2,065	18 %
Total residential mortgage	37,788	25,586	12,202	48 %
Other consumer	132	99	33	33 %
Total nonaccrual loans	102,874	99,526	3,348	3 %
OREO, net	11,141	270	10,871	NM
Total nonperforming assets	**$ 114,015**	**$ 99,796**	**$ 14,219**	14 %
Nonperforming assets to total assets	0.16 %	0.16 %		
Nonaccrual loans to loans held-for-investment	0.20 %	0.21 %		
Allowance for loan losses to nonaccrual loans	650.06 %	598.48 %		

NM — Not meaningful.

Loans are generally placed on nonaccrual status when they become 90 days past due or when the full collection of principal or interest becomes uncertain regardless of the length of past due status. Collectability is generally assessed based on economic and business conditions, the borrower's financial condition and the adequacy of collateral, if any. For additional details regarding the Company's nonaccrual loan policy, see *Note 1 — Summary of Significant Accounting Policies — Significant Accounting Policies — Loans Held-for-Investment* to the Consolidated Financial Statements in this Form 10-K.

Nonaccrual loans were $103 million and $100 million as of December 31, 2023 and 2022, respectively. Increases in single-family, multifamily residential and HELOC nonaccrual loans were predominantly offset by higher charge-offs of C&I loans. As of December 31, 2023, $40 million or 39% of nonaccrual loans were less than 90 days delinquent. In comparison, $68 million or 69% of nonaccrual loans were less than 90 days delinquent as of December 31, 2022.

The following table presents the accruing loans past due by portfolio segment as of December 31, 2023 and 2022:

	Total Accruing Past Due Loans [1]		Change		Percentage of Total Loans Outstanding	
($ in thousands)	December 31, 2023	December 31, 2022	$	%	December 31, 2023	December 31, 2022
Commercial:						
C&I	$ 35,649	$ 9,355	$ 26,294	281 %	0.21 %	0.06 %
CRE:						
CRE	3,517	14,185	(10,668)	(75)%	0.02 %	0.10 %
Multifamily residential	597	1,000	(403)	(40)%	0.01 %	0.02 %
Construction and land	13,251	—	13,251	100 %	2.00 %	— %
Total CRE	17,365	15,185	2,180	14 %	0.08 %	0.08 %
Total commercial	**53,014**	**24,540**	**28,474**	116 %	0.14 %	0.07 %
Consumer:						
Residential mortgage:						
Single-family residential	45,228	25,653	19,575	76 %	0.34 %	0.23 %
HELOCs	21,492	8,786	12,706	145 %	1.25 %	0.41 %
Total residential mortgage	66,720	34,439	32,281	94 %	0.44 %	0.26 %
Other consumer	3,265	3,192	73	2 %	5.41 %	4.18 %
Total consumer	**69,985**	**37,631**	**32,354**	86 %	0.46 %	0.28 %
Total	**$ 122,999**	**$ 62,171**	**$ 60,828**	98 %	0.24 %	0.13 %

(1) There were no accruing loans past due 90 days or more as of both December 31, 2023 and 2022.

Allowance for Credit Losses

The Company maintains its allowance for credit losses at a level sufficient to provide appropriate reserves to absorb estimated future credit losses in accordance with GAAP. For additional information on the policies, methodologies and judgements used to determine the allowance for credit losses, see *Item 7. MD&A — Critical Accounting Estimates, Note 1 — Summary of Significant Accounting Policies* and *Note 6 — Loans Receivable and Allowance for Credit Losses* to the Consolidated Financial Statements in this Form 10-K.

The following table presents an allocation of the allowance for loan losses by loan portfolio segments as of the periods indicated:

($ in thousands)	December 31, 2023 Allowance Allocation	2023 % of Loan Type to Total Loans	December 31, 2022 Allowance Allocation	2022 % of Loan Type to Total Loans
Allowance for loan losses				
Commercial:				
C&I	$ 392,685	32 %	$ 371,700	33 %
CRE:				
CRE	170,592	28 %	149,864	29 %
Multifamily residential	34,375	10 %	23,373	10 %
Construction and land	10,469	1 %	9,109	1 %
Total CRE	215,436	39 %	182,346	40 %
Total commercial	**608,121**	**71 %**	**554,046**	**73 %**
Consumer:				
Residential mortgage:				
Single-family residential	55,018	26 %	35,564	23 %
HELOCs	3,947	3 %	4,475	4 %
Total residential mortgage	58,965	29 %	40,039	27 %
Other consumer	1,657	0 %	1,560	0 %
Total consumer	**60,622**	**29 %**	**41,599**	**27 %**
Total allowance for loan losses	**$ 668,743**	**100 %**	**$ 595,645**	**100 %**
Allowance for unfunded credit commitments	**$ 37,699**		**$ 26,264**	
Total allowance for credit losses	**$ 706,442**		**$ 621,909**	
Loans held-for-investment	$ 52,210,782		$ 48,202,430	
Allowance for loan losses to loans held-for-investment	**1.28 %**		**1.24 %**	

The following table presents net charge-offs and the net charge-offs to average loans ratios based on the loan categories as of the periods indicated:

	December 31,					
	2023			2022		
($ in thousands)	Net Charge-Offs (Recoveries)	Average Loans Held-for-Investment	% of Net Charge-Offs (Recoveries) to Average Loans Held-for-Investment	Net Charge-Offs (Recoveries)	Average Loans Held-for-Investment	% of Net Charge-Offs (Recoveries) to Average Loans Held-for-Investment
Commercial:						
C&I	$ 29,770	$ 15,497,693	0.19 %	$ 1,914	$ 15,010,984	0.01 %
CRE:						
CRE	6,616	14,312,459	0.05 %	9,288	13,145,204	0.07 %
Multifamily residential	(542)	4,756,885	(0.01) %	6,678	4,249,600	0.16 %
Construction and land	10,177	754,928	1.35 %	(74)	499,044	(0.01) %
Total CRE	16,251	19,824,272	0.08 %	15,892	17,893,848	0.09 %
Total commercial	**46,021**	**35,321,965**	**0.13 %**	**17,806**	**32,904,832**	**0.05 %**
Consumer:						
Residential mortgage:						
Single-family residential	(69)	12,274,773	0.00 %	463	10,106,349	0.00 %
HELOCs	105	1,881,008	0.01 %	84	2,208,725	0.00 %
Total residential mortgage	36	14,155,781	0.00 %	547	12,315,074	0.00 %
Other consumer	197	65,181	0.30 %	106	93,711	0.11 %
Total consumer	**233**	**14,220,962**	0.00 %	**653**	**12,408,785**	0.01 %
Total	**$ 46,254**	**$ 49,542,927**	**0.09 %**	**$ 18,459**	**$ 45,313,617**	**0.04 %**

2023 net charge-offs were $46 million, or 0.09% of average loans held-for-investment, compared with $18 million, or 0.04% of average loans held-for-investment in 2022. The increase was primarily due to higher losses in the C&I and construction and land portfolios, as well as lower recoveries in the C&I portfolio. These increases were partially offset by lower charge-offs in the multifamily residential and CRE portfolios.

Liquidity Risk Management

Liquidity

Liquidity risk arises from the Company's inability to meet its customer deposit withdrawals and obligations to other counterparties as they come due, or to obtain adequate funding at a reasonable cost to meet those obligations. Liquidity risk also considers the stability of deposits. The objective of liquidity management is to manage the potential mismatch of asset and liability cash flows. Maintaining an adequate level of liquidity depends on the institution's ability to efficiently meet both expected and unexpected cash flow and collateral needs without adversely affecting daily operations or the financial condition of the institution. To achieve this objective, the Company analyzes its liquidity risk, maintains readily available liquid assets and utilizes diverse funding sources including its stable core deposit base.

The ROC has primary oversight responsibility over liquidity risk management. At the management level, the Company's Asset/Liability Committee ("ALCO") establishes the liquidity guidelines that govern the day-to-day active management of the Company's liquidity position by requiring sufficient asset-based liquidity to cover potential funding requirements and avoid over-dependence on volatile, less reliable funding markets. These guidelines are established and monitored for both the Bank and East West, on a stand-alone basis to ensure that the Company can serve as a source of strength for its subsidiaries. The ALCO regularly monitors the Company's liquidity status and related management processes, and provides regular reports on the Company's liquidity position relative to policy limits and guidelines to the Board of Directors. The liquidity management practices have been effective under normal operating and stressed market conditions.

The Company also maintains a Liquidity Contingency Plan that provides an early-warning methodology to detect liquidity problems and provide a timely response. The Liquidity Contingency Plan describes the procedures, roles and responsibilities, and communication protocols for managing any identified liquidity problem. Management monitors the early-warning indicators defined in the Liquidity Contingency Plan, which include metrics for measuring the Company's internal liquidity status as well as company-specific and market-wide external factors. When early-warning signals are detected, the ALCO is informed, and the problem is evaluated for severity. The ALCO will determine the course of action and appropriate contingency funding sources, if any, that are needed.

Liquidity Risk — Liquidity Sources. The Company's primary source of funding is from deposits, generated by its banking business, which we believe is a relatively stable and low-cost source of funding. Our loans are funded by deposits, which amounted to $56.1 billion as of December 31, 2023, compared with $56.0 billion as of December 31, 2022. The Company's loan-to-deposit ratio was 93% as of December 31, 2023, compared with 86% as of December 31, 2022.

In addition to deposits, the Company has access to various sources of wholesale financing, including borrowing capacity with the FHLB and FRBSF, such as under the BTFP, unsecured federal funds lines of credit with various correspondent banks, and several master repurchase agreements with major brokerage companies to sustain an adequate liquid asset portfolio, meet daily cash demands and allow management flexibility to execute its business strategy. However, general financial market and economic conditions could impact our access and cost of external funding. Additionally, the Company's access to capital markets is affected by the ratings received from various credit rating agencies.

Unencumbered loans and/or debt securities were pledged to the FHLB, the FRBSF discount window, and the FRBSF BTFP as collateral. The Company has established operational procedures to enable borrowing against these assets, including regular monitoring of the total pool of loans and debt securities eligible as collateral. Eligibility of collateral is defined in guidelines from the FHLB and FRBSF and is subject to change at their discretion. See *Item 7. — MD&A — Balance Sheet Analysis — Deposits and Other Sources of Funding* in this Form 10-K for further details related to the Company's funding sources. The Company believes its cash and cash equivalents and available borrowing capacity described below provide sufficient liquidity above its expected cash needs.

The Company maintains its source of liquidity in the form of cash and cash equivalents and borrowing capacity with its eligible loans and debt securities as collateral. The following table presents the Company's total cash and cash equivalents and borrowing capacity as of December 31, 2023 and 2022:

			Change	
($ in thousands)	**December 31, 2023**	**December 31, 2022**	**$**	**%**
Cash and cash equivalents	$ 4,614,984	$ 3,481,784	$ 1,133,200	33 %
Interest-bearing deposits with banks	10,498	139,021	(128,523)	(92)%
Borrowing capacity:				
FHLB	12,373,002	12,773,996	(400,994)	(3)%
FRBSF	9,830,769	2,049,048	7,781,721	380 %
Unpledged available securities	1,988,526	6,939,591	(4,951,065)	(71)%
Federal funds facility	946,000	1,136,000	(190,000)	(17)%
Total	**$ 29,763,779**	**$ 26,519,440**	**$ 3,244,339**	**12 %**

The Company's cash and cash equivalents and borrowing capacity totaled $29.8 billion as of December 31, 2023, compared with $26.5 billion as of December 31, 2022. The increase was primarily related to an increase in collateral available at the FRBSF and an increase in cash and cash equivalents, which was funded by borrowings from the BTFP in the first quarter of 2023. The BTFP borrowings were secured by pledged securities and reflected the Company's conservative liquidity management practices in response to the volatility in the banking industry earlier in the year.

Liquidity Risk — Cash Requirements. In the ordinary course of business, the Company enters contractual obligations that require future cash payments, including funding for customer deposit withdrawals, repayments for short- and long-term borrowings and other cash commitments. For additional information on these obligations, see the following Notes to the Consolidated Financial Statements in this Form 10-K:

- *Note 3 — Assets Purchased under Resale Agreements and Sold under Repurchase Agreements*
- *Note 7 — Investments in Qualified Affordable Housing Partnerships, Tax Credit and Other Investments, Net and Variable Interest Entities*

- *Note 9 — Deposits*
- *Note 10 — Short-Term Borrowings and Long-Term Debt*

In January 2024, the Company provided notice that it would redeem $113 million of the principal face value of junior subordinated debt and $4 million of the principal face value of trust preferred securities issued by the East West Capital Trusts. Of these amounts, $16 million was redeemed in February 2024 and the remaining $101 million is scheduled to be redeemed in March 2024.

The Company also has off-balance sheet arrangements which represent transactions that are not recorded on the Consolidated Balance Sheet. The Company's off-balance sheet arrangements include (1) commitments to extend credit, such as loan commitments, commercial letters of credit for foreign and domestic trade, standby letters of credit ("SBLCs"), and financial guarantees, to meet the financing needs of its customers, (2) future interest obligations related to customer deposits and the Company's borrowings, and (3) transactions with unconsolidated entities that provide financing, liquidity, market risk or credit risk support to the Company, or engage in leasing, hedging or research and development services with the Company. Because many of these commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future funding requirements. The Company does not expect the total commitment amounts as of December 31, 2023 to have a material current or future impact on the Company's financial conditions or results of operations. Information about the Company's loan commitments, commercial letters of credit and SBLCs is provided in *Note 12 — Commitments and Contingencies* to the Consolidated Financial Statements in this Form 10-K.

The Consolidated Statement of Cash Flows summarizes the Company's sources and uses of cash by type of activity for 2023, 2022 and 2021. Excess cash generated by operating and investing activities may be used to repay outstanding debt or invest in liquid assets.

Liquidity Risk — Liquidity for East West. In addition to bank level liquidity management, the Company manages liquidity at the parent company level for various operating needs including payment of dividends, repurchases of common stock, principal and interest payments on its borrowings, acquisitions and additional investments in its subsidiaries. East West's primary source of liquidity is from cash dividends distributed by its subsidiary, East West Bank. The Bank is subject to various statutory and regulatory restrictions on its ability to pay dividends as discussed in *Item 1. Business — Supervision and Regulation — Dividends and Other Transfers of Funds* in this Form 10-K. East West held $446 million and $229 million in cash and cash equivalents as of December 31, 2023 and 2022, respectively. Management believes that East West has sufficient cash and cash equivalents to meet the projected cash obligations for the coming year.

Liquidity Risk — Liquidity Stress Testing. The Company utilizes liquidity stress analysis to determine the appropriate amounts of liquidity to maintain at the Company, foreign subsidiary and foreign branch to meet contractual and contingent cash outflows under a range of scenarios. Scenario analyses include assumptions about significant changes in key funding sources, market triggers, potential uses of funding and economic conditions in certain countries. In addition, Company specific events are incorporated into the stress testing. For example, based on the Company's analysis of the banking industry disruption earlier in 2023, deposit runoffs were assumed to be more front-loaded to trigger earlier remediation actions. Liquidity stress tests are conducted to ascertain potential mismatches between liquidity sources and uses over a variety of time horizons, both immediate and longer term, and over a variety of stressed conditions. Given the range of potential stresses, the Company maintains contingency funding plans on a consolidated basis and for individual entities.

As of December 31, 2023, the Company believes it has adequate liquidity resources to conduct operations and meet other needs in the ordinary course of business, and is not aware of any events that are reasonably likely to have a material adverse effect on its liquidity, capital resources or operations. Given the uncertain and rapidly changing market and economic conditions, the Company will continue to actively evaluate the impact on its business and financial position. For more details on how economic conditions may impact our liquidity, see *Item 1A. Risk Factors* in this Form 10-K.

Market Risk Management

Market risk refers to the risk of potential loss due to adverse movements in market risk factors, including interest rates, foreign exchange rates, commodity prices, and credit spreads. The Company is primarily exposed to interest rate risk through its core business activities of extending loans and acquiring deposits. The Risk Oversight Committee of the Company's Board of Directors has primary oversight responsibility and has given the ALCO the task of market risk management. The ALCO establishes guidelines, risk measures and limits, and monitors compliance with the policies and risk limits pertaining to market risk management activities.

Interest Rate Risk Management

Interest rate risk is the risk that market fluctuations in interest rates can have a negative impact on the Company's earnings and capital stemming from mismatches in the Company's asset and liability cash flows primarily arising from customer-related activities such as lending and deposit-taking. The Company is subject to interest rate risk because:

- Assets and liabilities may mature or reprice at different times. If assets reprice faster than liabilities and interest rates are generally rising, earnings will initially increase;
- Assets and liabilities may reprice at the same time but by different amounts;
- Short- and long-term market interest rates may change by different amounts. For example, the shape of the yield curve may affect the yield of new loans and funding costs differently;
- The remaining maturity of various assets or liabilities may shorten or lengthen as interest rates change. For example, if long-term mortgage interest rates increase sharply, mortgage-related products may pay down at a slower rate than anticipated, which could impact portfolio income and valuation; or
- Interest rates may have a direct or indirect effect on loan demand, collateral values, mortgage origination volume, and the fair value of other financial instruments.

The ALCO coordinates the overall management of the Company's interest rate risk, meets regularly to review the Company's open market positions and establishes policies to monitor and limit exposure to market risk. Interest rate risk management is carried out primarily through strategies involving the Company's loan portfolio, debt securities portfolio, available funding channels and capital market activities. In addition, the Company's policies permit the use of derivative instruments to assist in managing interest rate risk.

We measure and monitor interest rate risk exposure through various risk management tools, which include a simulation model that performs interest rate sensitivity analyses under multiple interest rate scenarios against a baseline. The simulation model incorporates the market's forward rate expectations and the Company's earning assets and liabilities. The Company uses both a static balance sheet and a forward growth balance sheet to perform the interest rate sensitivity analyses. The simulated interest rate scenarios include an instantaneous non-parallel shift in the yield curve and a gradual non-parallel shift in the yield curve ("rate ramp"). In addition, the Company also performs simulations using other alternative interest rate scenarios, including various permutations of the yield curve flattening, steepening or inverting. The Company uses the results of these simulations to formulate and gauge strategies to achieve a desired risk profile within its capital and liquidity guidelines.

The net interest income simulation model is based on the maturity and repricing characteristics of the Company's interest rate sensitive assets, liabilities, and related derivative contracts. This model also incorporates various assumptions, which management believes to be reasonable but that may have a significant impact on the results. These key assumptions include the timing and magnitude of changes in interest rates, the yield curve evolution and shape, the correlation between various interest rate indices, financial instruments' future repricing characteristics and spread relative to benchmark rates, and the effect of interest rate floors and caps. The modeled results are highly sensitive to deposit decay and deposit beta assumptions, which we derive from a regression analysis of the Company's historical deposit data.

Simulation results are highly dependent on modeled behaviors and input assumptions. To the extent that actual behaviors are different from the assumptions used in the models, there could be material changes to the interest rate sensitivity results. The key behavioral models impacting interest rate sensitivity simulations include deposit repricing, deposit balance forecasts, and mortgage prepayments. These models and assumptions are documented, supported, and periodically back-tested to assess the reasonableness and effectiveness. The Company also regularly monitors the sensitivity of the other important modeling assumptions, such as loan and security prepayments and early withdrawal on fixed-rate customer liabilities. The Company makes appropriate calibrations to the model as needed and continually validates the model, methodology and results. Changes to key model assumptions are reviewed by the ALCO. Scenario results do not reflect strategies that the management could employ to limit the impact of changing interest rate expectations. The simulation does not represent a forecast of the Company's net interest income but is a tool utilized to assess the risk of the impact of changing market interest rates across a range of interest rate environments.

The Company employs a variety of quantitative and qualitative approaches to capture historical deposit repricing and balance behaviors. These historical observations are performed at a granular level based on key product characteristics, including distinctions for brokered, public, and large commercial deposits, which are then combined with forward-looking market expectations and the competitive landscape to generate the deposit repricing and balance forecasting models. The Company uses these deposit repricing models to forecast deposit interest expense. The repricing models provide sufficient granularity to reflect key behavioral differences across product and customer types. The deposit beta is a key parameter of the deposit rate forecast. The deposit beta defines the sensitivity of deposit rates to changes in the Effective Fed Funds Rate (“EFFR”).

The Company recalibrated its deposit repricing models and betas in December 2022, and qualitatively increased the long run (through the cycle) betas during 2023 to better reflect increased competition and higher terminal fed funds rates than previously observed in the historical data. Overall, the Company observed a weighted-average increase of approximately 17% during the year to total deposit beta of 51% as of December 31, 2023. These increases reflected the Company’s forward-looking views of deposit rates given the expected EFFR at the time. The Company also modified deposit balance runoff models in December 2022, to better capture behavioral differences across product and customer types and carved out stable and non-stable balances to reflect the volatility and interest rate sensitivity of such deposit balances. The assumptions used for the identification of stable balances were updated in June and September 2023 to reflect a larger portion of potential non-stable balances. The assumptions for the identification of stable balances had no significant updates in December 2023.

Additionally, to reflect changes in interest expense due to the shift from noninterest-bearing to interest-bearing accounts in the deposit mix, the Company utilized a qualitative assumption in March 2023. This assumption considered the amount of surplus noninterest-bearing deposits assumed to be rate sensitive and migrated them to interest-bearing deposits. This assumption was included in the net interest income volatility simulations to reflect more realistic net interest income volatility in rising rate scenarios. The qualitative assumption was enhanced in June 2023 with a more robust quantitative approach. This updated approach incorporated internally observed historical data reflecting the evolution of noninterest-bearing deposits as a percent of total deposits, based on the historical behavior observed during the prior rising interest rate cycle. The assumption forecasts that a portion of noninterest-bearing deposits would migrate to interest-bearing certificates of deposits as the 12-month moving average of the overnight indexed swap rate increases. No further enhancements to the deposit mix assumption were made in December 2023.

In the net interest income simulations, the Company also makes assumptions on the yield related to the re-investment of investment securities and the yields on new loan originations. These assumptions are updated quarterly to reflect recent market conditions as well as forward-looking expectations but generally do not have significant impact to NII sensitivity. During 2023, loans and deposits with cash flows indexed to China related benchmark interest rates were removed from the interest rate scenario shocks. The associated change to the net interest income sensitivity was insignificant.

As loan and security prepayment assumptions are key components of the Company’s model, the Company incorporates third-party vendor models to forecast prepayment behavior on mortgage loans and securities which have mortgage loans as underlying collateral. These third-party vendor models have access to more comprehensive industry-level data which can capture specific borrower and collateral characteristics over a variety of interest rate cycles. The Company will periodically assess and adjust the vendor models when appropriate to include its own available observations and expectations. During 2023, the Company updated its version of the asset liability management simulation tool and vendor prepayment model. This change updated the calibration of the vendor model to better fit recent data and better supported the transition from London Interbank Offered Rate (“LIBOR”) to Secured Overnight Financing Rate (“SOFR”) indexed loans. Overall, the update had minimal impact on forecasted prepayments. During 2023, the Company updated the vendor prepayment model tuning factors to slow down prepayment speeds on single-family residential mortgages so that it better aligned with actual and expected prepayments.

During the third quarter of 2023, the Company replaced the U.S. dollar (“USD”) LIBOR Swap curve and rates with the respective SOFR Swap and SOFR reference rates. This change had a minimal impact on the overall results of net interest income and economic value of equity (“EVE”) simulations as the overall yields and discount rates were not impacted.

Twelve-Month Net Interest Income Simulation

Net interest income simulation modeling measures interest rate risk through earnings volatility. The simulation projects the cash flow changes in interest rate sensitive assets and liabilities, expressed in terms of net interest income, over a specified time horizon for defined interest rate scenarios. Net interest income simulations provide insight into the impact of market rate changes on earnings, which help guide risk management decisions. The Company assesses interest rate risk by comparing the changes of net interest income in different interest rate scenarios.

The following table presents the Company’s net interest income sensitivity related to an instantaneous and sustained non-parallel shift in market interest rates by 100 and 200 bps as of December 31, 2023 and 2022, on a balance sheet assuming flat forward rates and flat loan and deposit growth on the date of analysis. The non-parallel shift scenarios were calibrated internally based on historical analysis.

	Net Interest Income Volatility [1]	
	December 31,	
	2023	2022
Change in Interest Rates (in bps)	%	%
+200	1.3 %	11.6 %
+100	1.2 %	5.9 %
-100	(1.8)%	(5.3)%
-200	(4.1)%	(8.6)%

(1) The percentage change represents net interest income change over a 12-month period in a stable interest rate environment versus in the various interest rate scenarios.

The composition of the Company’s loan portfolio creates sensitivity to interest rate movements due to a mismatch of repricing behavior between the floating-rate loan portfolio and deposit products. In the table above, net interest income volatility expressed in relation to base-case net interest income decreased as of December 31, 2023. This decrease reflected updates to the deposit repricing assumptions and deposit product mix. Noninterest-bearing deposit account balances are assumed to be sensitive to interest rate levels and migrate to interest-bearing deposit accounts.

The Company also models scenarios based on gradual shifts in interest rates and assesses the corresponding impacts. These interest rate scenarios provide additional information to estimate the Company’s underlying interest rate risk. The rate ramp table below shows the net interest income volatility under a gradual non-parallel shift of the yield curve, in even monthly increments over the first 12 months, followed by rates held constant thereafter based on a flat balance sheet as of the date of the analysis.

	Net Interest Income Volatility	
	December 31,	
	2023	2022
Change in Interest Rates (in bps)	%	%
+200 Rate ramp	0.8 %	6.3 %
+100 Rate ramp	0.5 %	3.4 %
-100 Rate ramp	(0.6)%	(2.4)%
-200 Rate ramp	(1.3)%	(4.9)%

As of December 31, 2023, the Company’s net interest income profile reflects a modestly asset sensitive position, where assets reprice faster or more significantly than liabilities. Net interest income is expected to increase when interest rates rise as the Company has a large population of variable rate loans, primarily tied to Prime and Term SOFR indices. The Company’s interest income is sensitive to changes in short-term interest rates. As of December 31, 2023, the Company designated interest rate contracts with a notional amount of $5.3 billion as cash flow hedges, which reduced net interest income volatility by approximately 1.6% of the base net interest income for every 100 bps change in interest rate.

The Company’s deposit portfolio is primarily composed of non-maturity deposits, which are not directly tied to short-term interest rate indices, but are, nevertheless, sensitive to changes in short-term interest rates. The modeled results are highly sensitive to modeled behavior and assumptions. Actual net interest income results may deviate from the model’s net interest income due to earning asset growth variation and deposit mix changes based on customer preferences relative to the interest rate environment. During a period of declining interest rates, balance sheet growth could offset headwinds to net interest income from yield compression.

Economic Value of Equity at Risk

EVE is a cash flow calculation that takes the present value of all asset cash flows and subtracts the present value of all liability cash flows. This calculation is used for asset/liability management and measures changes in the economic value of the bank’s assets and liabilities due to changes in interest rates.

The economic value approach provides a comparatively broader scope than the net interest income volatility approach since it represents the discounted present value of cash flows over the expected life of the instruments. Due to this longer horizon, EVE is useful to identify risks arising from repricing, prepayment and maturity gaps between assets and liabilities on the balance sheet, as well as from off-balance sheet derivative exposures, over their lifetime. This long-term economic perspective into the Company's interest rate risk profile allows the Company to identify anticipated negative effects of interest rate fluctuations. However, the difference in time horizons can cause the EVE analysis to diverge from the shorter-term net interest income analysis presented above. Given the uncertainty of the magnitude, timing and direction of future interest rate movements, the shape of the yield curve, and potential changes to the balance sheet, actual results may vary from those predicted by the Company's model.

The following table presents the Company's EVE sensitivity related to an instantaneous non-parallel shift in market interest rates by 100 and 200 bps as of December 31, 2023 and 2022. The non-parallel shift scenarios were calibrated internally based on historical analysis.

	Economic Value of Equity Volatility [(1)]	
	December 31,	
	2023	**2022**
Change in Interest Rates (in bps)	**%**	**%**
+200	(10.3)%	(6.0)%
+100	(5.4)%	(2.9)%
-100	3.0 %	1.1 %
-200	6.0 %	2.3 %

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

As of December 31, 2023, the Company's EVE is expected to decrease when interest rates rise. The change in EVE sensitivity was due to shorter deposit durations as a result of deposit modeling assumptions, slower prepayments on fixed-rate mortgages and mortgage-backed securities, and additional cash flow hedges to reduce net interest income volatility.

Derivatives

It is the Company's policy not to speculate on the future direction of interest rates, foreign currency exchange rates and commodity prices. However, the Company periodically enters into derivative transactions in order to manage its exposure to market risk, primarily interest rate risk and foreign currency risk. The Company believes these derivative transactions, when properly structured and managed, provide a hedge against inherent risk in certain assets and liabilities or against risk in specific transactions. Hedging transactions may be implemented using a variety of derivative instruments such as swaps, forwards, options and collars. The Company uses interest rate swaps to hedge the variability in interest received on certain floating-rate commercial loans and interest paid on certain floating-rate borrowings. Foreign exchange derivatives are used in net investment hedging strategies to mitigate the risk of changes in the USD equivalent value of a designated monetary amount of the Company's net investment in East West Bank (China) Limited. Prior to entering into any accounting hedge activities, the Company analyzes the costs and benefits of the hedge in comparison to alternative strategies. The Company also repositions its hedging derivatives portfolio based on the current assessment of economic and financial conditions, including the interest rate and foreign currency environments, balance sheet composition and trends, and the relative mix of its cash and derivative positions.

In addition, the Company enters into derivative transactions in order to accommodate its customers with their business needs or to assist customers with their risk management objectives, such as managing exposure to fluctuations in interest rates, foreign currencies, and commodity prices. To economically hedge against the derivative contracts entered into with the Company's customers, the Company enters into offsetting derivative contracts with third-party financial institutions, some of which are cleared through central clearing organizations. The exposures from derivative transactions are collateralized by cash and/or eligible securities based on limits as set forth in the respective agreements between the Company and counterparty financial institutions. The fair value changes of the derivative contracts traded with third-party financial institutions are expected to be largely comparable to the fair value changes of the derivative transactions executed with customers throughout the terms of these contracts, except for the credit valuation adjustment component in the contracts and the spread variances between the customer derivatives and the offsetting financial counterparty positions. The Company also utilizes foreign exchange contracts that are not designated as hedging instruments to mitigate the economic effect of fluctuations in certain foreign currency on-balance sheet assets and liabilities, primarily foreign currency denominated deposits offered to its customers.

The Company is subject to credit risk associated with the counterparties to the derivative contracts. This counterparty credit risk is a multi-dimensional form of risk, affected by both the exposure and credit quality of the counterparty, both of which are sensitive to market-induced changes. The Company's Credit Risk Management Committee provides oversight of credit risk and the Company has guidelines in place to manage counterparty concentration, tenor limits, and collateral. The Company manages the credit risk of its derivative positions by diversifying its positions among various counterparties, by entering into legally enforceable master netting agreements and by requiring collateral arrangements, where possible. The Company may also transfer counterparty credit risk related to interest rate swaps to third-party financial institutions through the use of credit risk participation agreements. Certain derivative contracts are required to be cleared through central clearinghouses, to further mitigate counterparty credit risk, where variation margin is applied daily as settlement to the fair value of the derivative contracts. In addition, the Company incorporates credit value adjustments and other market standard methodologies to appropriately reflect the counterparty's and the Company's own nonperformance risk in the fair value measurement of its derivatives. As of December 31, 2023, the Company anticipates performance by all its counterparties and has not incurred any related credit losses.

The following table summarizes certain information on derivative instruments designated as accounting hedges and utilized by the Company in its management of interest rate and foreign currency risks as of December 31, 2023 and 2022:

	December 31, 2023		December 31, 2022	
($ in thousands)	**Interest Rate Contracts Hedging Loans [(1)]**	**Interest Rate Contracts Hedging Borrowings [(2)]**	**Interest Rate Contracts Hedging Loans [(1)]**	**Interest Rate Contracts Hedging Borrowings [(2)]**
Cash flow hedges				
Notional amount	$ 4,000,000 [(3)(4)]	$ —	$ 3,000,000 [(3)]	$ 200,000
Weighted average:				
Receive rate	4.95 %	NA	4.91 %	3.83 %
Pay rate	7.32 %	NA	6.23 %	0.48 %
Remaining term (in months)	35.8	NA	46.6	3.2

($ in thousands)	**Foreign Exchange Contracts**	**Foreign Exchange Contracts**
Net investment hedges		
Notional amount	$ 81,480	$ 84,832
Hedged percentage [(5)]	44 %	44 %
Remaining term (in months)	2.7	2.6

NA — Not applicable.

(1) Represents receive-fixed/pay-floating interest rate swaps and excludes interest rate collars. Floating rates paid are based on SOFR, or Prime.

(2) Represents receive-floating/pay-fixed interest rate swaps. Floating rate received was based on three-month LIBOR. The hedge was terminated during the first quarter of 2023.

(3) Excludes interest rate collars in total notional amount of $250 million as of both December 31, 2023 and 2022.

(4) Excludes forward-starting swaps in total notional amount of $1.0 billion, which were not effective as of December 31, 2023.

(5) Represents percentage between the notional of outstanding foreign exchange contracts and the net RMB exposure from East West Bank (China) Limited.

Additional information on the Company's derivatives is presented in *Note 1 — Summary of Significant Accounting Policies — Significant Accounting Policies — Derivatives, Note 2 — Fair Value Measurement and Fair Value of Financial Instruments,* and *Note 5 — Derivatives* to the Consolidated Financial Statements in this Form 10-K.

Critical Accounting Estimates

The Company's significant accounting policies are described in *Note 1 — Summary of Significant Accounting Policies* to the Consolidated Financial Statements in this Form 10-K. Certain of these policies include critical accounting estimates, which are subject to valuation assumptions, subjective or complex judgments about matters that are inherently uncertain, and it is likely that materially different amounts could be reported under different assumptions and conditions. The Company has procedures and processes in place to facilitate making these judgments. The following is a brief description of the Company's critical accounting estimates involving significant judgments.

Allowance for Credit Losses

The Company's allowance for credit losses represents management's estimate of expected credit losses over the remaining expected life of the Company's financial assets measured at amortized cost, including loans and certain lending-related commitments. The allowance for credit losses involves significant judgment on a number of matters including development and weighting of macroeconomic forecasts, incorporation of historical loss experience, assessment of key credit risk characteristics, assignment of risk ratings, valuation of collateral, and the determination of remaining expected life. For additional information on these judgements and the Company's policies and methodologies used to determine the allowance for credit losses, see *Note 1 — Summary of Significant Accounting Policies — Significant Accounting Policies — Allowance for Loan Losses* and *Unfunded Credit Commitments,* and *Note 6 — Loans Receivable and Allowance for Credit Losses* to the Consolidated Financial Statements in this Form 10-K.

A critical judgement in the process is estimating the Company's allowance for credit losses related to macroeconomic forecasts that are incorporated into quantitative methods. As any one economic outlook is inherently uncertain, the Company utilizes a baseline and upside or downside scenarios which are applied based on a probability weighting, to better reflect management's estimate of the expected credit losses given existing market conditions and the changes in the economic environment. Changes in the Company's assumptions and economic forecasts could significantly affect its estimate of expected credit losses, which could potentially lead to significant changes in the estimate from one reporting period to the next. For further discussion on the economic forecast incorporated into the 2023 model, see *Item 7. MD&A — Risk Management — Credit Risk Management — Allowance for Credit Losses.*

The allowance for credit losses is sensitive to changes in macroeconomic forecast assumptions. Given the dynamic relationship between macroeconomic variables within the Company's models, it is difficult to estimate the impact of a change in any one factor or input on the allowance. Changes in the factors and inputs considered may not occur at the same rate and may not be consistent across all geographies or product types, and changes in factors and input may be directionally inconsistent, such that improvement in one factor may offset deterioration in others. However, to provide additional context regarding the sensitivity of the allowance for credit losses to changes in key variables, the Company compared the quantitative modeled estimate when applying a 100% probability weighting to the downside scenario rather than the weighting of multiple scenarios used to estimate the allowance for credit losses at December 31, 2023. Without considering model overlays and qualitative adjustments which could result in a materially different estimate, this sensitivity analysis would have been approximately $343 million higher.

This analysis demonstrates the sensitivity to the allowance for credit losses to key quantitative assumptions and is not intended to estimate changes in the overall allowance for credit losses as it does not capture all the potential unknown variables that could arise in the forecast period, but it provides an approximation of a possible outcome under hypothetical severe conditions. Management believes that the estimate for the allowance for credit losses was reasonable and appropriate as of December 31, 2023.

Fair Value Estimates

Certain financial instruments are carried at fair value on the Consolidated Balance Sheet on a recurring basis, including AFS debt securities, certain equity securities and derivatives. Changes in fair value are recorded either through earnings or other comprehensive income (loss). Other financial instruments, such as certain individually evaluated loans held-for-investment, loans held-for-sale, investments in qualified affordable housing partnerships, tax credit and other investments, OREO and other nonperforming assets, are not carried at fair value each period but may require nonrecurring fair value adjustments primarily due to application of lower of cost or fair value accounting or write-downs of individual assets.

In determining the fair value of financial instruments, the Company uses market prices of the same or similar instruments whenever such prices are available. Changes in the market conditions such as reduced liquidity in the capital markets or changes in secondary market activities, may increase variability or reduce the availability of market prices used to determine fair value. If observable market prices are unavailable or impracticable to obtain, then fair value is estimated using modeling techniques such as discounted cash flows analysis. These modeling techniques incorporate management's assessments regarding assumptions that market participants would use in pricing the asset or the liability, including the risks inherent in a particular valuation technique and the risk of nonperformance. The use of methodologies or assumptions different than those used by the Company could result in different estimates of fair value of financial instruments.

Significant judgment is also required to determine the fair value hierarchy for certain financial instruments. When fair values are based on valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement, the financial assets and liabilities are classified as Level 3 of the fair value hierarchy established under Accounting Standards Codification ("ASC") 820-10, *Fair Value Measurement*.

The following table presents the Company's assets recorded at fair value and the portion of such assets that are classified within level 3 of the fair value hierarchy.

	December 31,			
	2023		2022	
($ in thousands)	**Total Balance [(1)]**	**Level 3**	**Total Balance [(1)]**	**Level 3**
Total assets measured at fair value on a recurring basis	$ 6,823,916	$ 336	$ 6,814,275	$ 323
Total assets measured at fair value on a nonrecurring basis	46,760	46,760	72,614	72,614
Total assets measured at fair value	**(a) $ 6,870,676**	**(b) $ 47,096**	**(d) $ 6,886,889**	**(f) $ 72,937**
Total assets	**(c) $ 69,612,884**		**(e) $ 64,112,150**	
Level 3 assets at fair value as a percentage of total assets	**(b)/(c)**	**0.1 %**	**(f)/(e)**	**0.1 %**
Level 3 assets at fair value as a percentage of total assets at fair value	**(b)/(a)**	**0.7 %**	**(f)/(d)**	**1.1 %**

(1) Before derivative netting adjustments.

For a complete discussion on the Company's fair value hierarchy of financial instruments, fair value measurement techniques and assumptions, and the impact on the Consolidated Financial Statements, see *Note 1 — Summary of Significant Accounting Policies — Significant Accounting Policies — Fair Value* and *Note 2 — Fair Value Measurement and Fair Value of Financial Instruments* to the Consolidated Financial Statements in this Form 10-K.

Goodwill Impairment

The valuation and testing methodologies used in the Company's analysis of goodwill impairment are discussed in *Note 1 — Summary of Significant Accounting Policies — Significant Accounting Policies — Goodwill, Note 8 — Goodwill,* and *Note 17 — Business Segments* to the Consolidated Financial Statements in this Form 10-K.

The Company performed its annual goodwill impairment test on all three reporting units using a combination of income and market approaches to estimate the fair value of each reporting unit. The Company concluded that the goodwill allocated to its reporting units was not impaired as of December 31, 2023. The fair value of each reporting unit exceeded its carrying amount and there was no indication of a significant risk of goodwill impairment based on current projections.

Analyzing goodwill includes consideration of various factors that continue to evolve and for which significant uncertainty remains, including estimates of the profitability of the Company's reporting units, long term growth rates and the estimated market cost of equity, such as the discount rate and price multiples of comparable companies. Imprecision in estimating these factors can affect the estimated fair value of the reporting units. Certain events or circumstances could have a negative effect on the estimated fair value of the reporting units, including declines in business performance, increases in credit losses, as well as deterioration in economic or market conditions and adverse regulatory or legislative changes, which could result in a material impairment charge to earnings in a future period.

Income Taxes

The Company files income tax returns in the jurisdictions in which it conducts business and evaluates income tax expense in two components: current and deferred income tax expense. Accrued taxes represent the net estimated amount due to or due from various tax jurisdictions in the current year and deferred tax assets represent amounts available to reduce income taxes payable in future years. The Company's interpretations of the tax laws, including the U.S., its states and the municipalities, and the tax jurisdictions in Hong Kong and China, are complex and subject to audit by taxing authorities that disputes may occur regarding its view on a tax position taken by the Company.

In estimating accrued taxes, the Company assesses the appropriate tax treatment of transactions and filing positions after considering statutes, regulations, judicial precedent, and other pertinent information. The income tax laws are complex and subject to different interpretations by the Company and the relevant government taxing authorities. Significant judgment is required in determining the tax accruals and in evaluating the tax positions, including evaluating uncertain tax positions. Changes in the estimate of accrued taxes occur periodically due to changes in tax rates, tax credits, interpretations of tax laws, the status of examinations by the tax authorities, and newly enacted statutory, judicial, and regulatory guidance that could impact the relative merits and risks of tax positions. These changes, when they occur, impact tax expense and can materially affect our operating results and financial condition. The Company reviews its tax positions on a quarterly basis and makes adjustments to accrued taxes as new information becomes available. The Company believes that adequate provisions have been recorded for all income tax uncertainties consistent with ASC 740, *Income Taxes* as of December 31, 2023. For further information on the Company's accounting for income taxes and significant tax attributes, see *Note 1 — Summary of Significant Accounting Policies — Significant Accounting Policies — Income Taxes* and *Note 11 — Income Taxes* to the Consolidated Financial Statements in this Form 10-K.

Recently Adopted Accounting Standards

For detailed discussion and disclosure on new accounting pronouncements adopted, see *Note 1 — Summary of Significant Accounting Policies* to the Consolidated Financial Statements in this Form 10-K.

Reconciliation of GAAP to Non-GAAP Financial Measures

To supplement the Company's Consolidated Financial Statements presented in accordance with U.S. GAAP, the Company uses certain non-GAAP measures of financial performance. Non-GAAP financial measures are not prepared in accordance with, or as an alternative to U.S. GAAP. Generally, a non-GAAP financial measure is a numerical measure of a company's performance that either excludes or includes amounts, or is subject to adjustments that have such an effect, that are not normally excluded or included in the most directly comparable financial measure that is calculated and presented in accordance with U.S. GAAP. The non-GAAP financial measures discussed in this Form 10-K are return on average TCE, adjusted efficiency ratio, adjusted diluted EPS, and tangible book value per share. Certain additional non-GAAP financial measures that are components of the foregoing non-GAAP financial measures are also set forth and reconciled in the table below. The Company believes these non-GAAP financial measures, when taken together with the corresponding U.S. GAAP financial measures, provide meaningful supplemental information regarding its performance, and allow comparability to prior periods. These non-GAAP financial measures may be different from non-GAAP financial measures used by other companies, limiting their usefulness for comparison purposes.

The following tables present the reconciliation of U.S. GAAP to non-GAAP financial measures for 2023, 2022 and 2021:

($ in thousands)		Year Ended December 31, 2023	2022	2021
Net income	(a)	$ 1,161,161	$ 1,128,083	$ 872,981
Add: Amortization of core deposit intangibles		1,763	1,865	2,749
Amortization of mortgage servicing assets		1,328	1,425	1,679
Tax effect of amortization adjustments [(1)]		(914)	(966)	(1,274)
Tangible net income (non-GAAP)	**(b)**	**$ 1,163,338**	**$ 1,130,407**	**$ 876,135**
Average stockholders' equity	(c)	$ 6,482,985	$ 5,783,025	$ 5,559,212
Less: Average goodwill		(465,697)	(465,697)	(465,697)
Average other intangible assets [(2)]		(6,542)	(8,695)	(10,535)
Average tangible book value (non-GAAP)	**(d)**	**$ 6,010,746**	**$ 5,308,633**	**$ 5,082,980**
ROE	**(a)/(c)**	**17.91 %**	**19.51 %**	**15.70 %**
Return on average TCE (non-GAAP)	**(b)/(d)**	**19.35 %**	**21.29 %**	**17.24 %**

($ in thousands)		Year Ended December 31, 2023	2022	2021
Net interest income before provision for (reversal of) credit losses	(a)	$ 2,312,254	$ 2,045,881	$ 1,531,571
Total noninterest income		295,264	298,666	285,895
Total revenue	**(b)**	**$ 2,607,518**	**$ 2,344,547**	**$ 1,817,466**
Noninterest income		$ 295,264	$ 298,666	$ 285,895
Add: Net loss on AFS debt security [(3)]		6,862	—	—
Adjusted noninterest income (non-GAAP)	(c)	302,126	298,666	285,895
Adjusted revenue (non-GAAP)	**(a)+(c)=(d)**	**$ 2,614,380**	**$ 2,344,547**	**$ 1,817,466**
Total noninterest expense	(e)	$ 1,022,748	$ 859,393	$ 796,089
Less: Amortization of tax credit and other investments		(120,299)	(113,358)	(122,457)
Amortization of core deposit intangibles		(1,763)	(1,865)	(2,749)
FDIC charge [(4)]		(69,986)	—	—
Repurchase agreements' extinguishment cost [(5)]		(3,872)	—	—
Adjusted noninterest expense (non-GAAP)	**(f)**	**$ 826,828**	**$ 744,170**	**$ 670,883**
Efficiency ratio	**(e)/(b)**	**39.22 %**	**36.65 %**	**43.80 %**
Adjusted efficiency ratio (non-GAAP)	**(f)/(d)**	**31.63 %**	**31.74 %**	**36.91 %**

($ and shares in thousands, except per share data)		Year Ended December 31, 2023	2022	2021
Net income	(a)	$ 1,161,161	$ 1,128,083	$ 872,981
Add: FDIC charge [(4)]		69,986	—	—
Net loss on AFS debt security [(3)]		6,862	—	—
Tax effect of adjustment [(1)]		(22,716)	—	—
Adjusted net income (non-GAAP)	**(b)**	**$ 1,215,293**	**$ 1,128,083**	**$ 872,981**
Diluted weighted-average number of shares outstanding	**(c)**	**$ 141,902**	**$ 142,492**	**$ 143,140**
Diluted EPS	(a)/(c)	8.18	7.92	6.10
Add: FDIC charge [(4)]		0.35	—	—
Net loss on AFS debt security [(3)]		0.03	—	—
Adjusted diluted EPS (non-GAAP)	**(b)/(c)**	**$ 8.56**	**$ 7.92**	**$ 6.10**

(1) Applied statutory rate of 29.56% for 2023, 29.37% for 2022, and 28.77% for 2021.
(2) Includes core deposit intangibles and mortgage servicing assets.
(3) Represents the net loss related to an AFS debt security that was written-off in the first quarter of 2023 and subsequently sold during the fourth quarter of 2023.
(4) During the fourth quarter of 2023, the Company recorded $70 million pre-tax FDIC charge (included in *Deposit insurance premiums and regulatory assessments* on the Consolidated Statement of Income).
(5) In 2023, the Company prepaid $300 million of repurchase agreements and incurred a debt extinguishment cost of $4 million.

($ and shares in thousands, except per share data)		December 31, 2023	2022	2021
Stockholders' equity	(a)	$ 6,950,834	$ 5,984,612	$ 5,837,218
Less: Goodwill		(465,697)	(465,697)	(465,697)
Other intangible assets [(1)]		(6,602)	(7,998)	(9,334)
Tangible book value (non-GAAP)	**(b)**	**$ 6,478,535**	**$ 5,510,917**	**$ 5,362,187**
Number of common shares at period-end	**(c)**	**140,027**	**140,948**	**141,908**
Book value per share	**(a)/(c)**	**$ 49.64**	**$ 42.46**	**$ 41.13**
Tangible book value per share (non-GAAP)	**(b)/(c)**	**$ 46.27**	**$ 39.10**	**$ 37.79**

(1) Includes core deposit intangibles and mortgage servicing assets.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For quantitative and qualitative disclosures regarding market risk in the Company's portfolio, see *Item 7. MD&A — Risk Management — Market Risk Management* and *Note 5 — Derivatives* to the Consolidated Financial Statements in this Form 10-K.

EAST WEST BANCORP, INC.
ITEM 8. FINANCIAL STATEMENTS
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of East West Bancorp, Inc. and subsidiaries (the Company) as of December 31, 2023 and 2022, the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2023, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 28, 2024 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Allowance for loan losses for loans evaluated on a collective pool basis

As discussed in Notes 1 and 6 to the consolidated financial statements, the Company's allowance for loan losses (ALL) is established as management's estimate of expected credit losses inherent in the Company's lending activities. As of December 31, 2023 the ALL was $669 million, which includes the ALL for commercial loans evaluated on a collective pool basis (the commercial collective ALL). The ALL is the portion of the loan's amortized cost basis that the Company does not expect to collect due to anticipated credit losses over the loan's contractual life, adjusted for estimated prepayments. The Company measured the expected credit losses on a collective pool basis when similar risk characteristics existed. The December 31, 2023 commercial collective ALL included quantitative and qualitative components (together, the collective ALL). The Company developed and documented the collective ALL methodology at the portfolio segment level. The collective ALL methodology used various models and estimation techniques based on the Company's historical loss experience, current borrower characteristics, which included internal risk ratings, current conditions, and reasonable and supportable macroeconomic forecasts. The commercial loan portfolio is comprised of commercial and industrial (C&I) and commercial real estate (CRE), which also included multifamily residential, and construction and land loans. The Company's C&I lifetime loss rate model estimated credit losses by estimating a loss rate expected over the life of a loan which is applied to the amortized cost basis, excluding accrued interest receivables, to determine expected credit losses. The Company's CRE projected probability of defaults ("PDs") and loss given defaults ("LGDs") are applied to the estimated exposure at default, considering the term and payment structure of the loan, to generate estimates of expected loss. The Company incorporated forward-looking information using macroeconomic scenarios, which included variables that are considered key drivers of increases and decreases in credit losses. A probability-weighted multiple scenario forecast over a reasonable and supportable forecast period is incorporated into both the quantitative models. The Company's C&I lifetime loss rate model reverts to the historical average loss rate, expressed through the loan-level lifetime loss rate, after the reasonable and supportable forecast period. The Company's CRE model considers the contractual life of the loans and the forecast of future economic conditions return to long-run historical economic trends within the reasonable and supportable period. In order to estimate the life of a loan under both quantitative models, the contractual term of the loan is adjusted for estimated prepayments based on historical prepayment experience. The Company also considered qualitative factors in determining the commercial collective ALL, if these factors have not already been captured by the quantitative model.

We identified the December 31, 2023 commercial collective ALL as a critical audit matter. A high degree of audit effort, including specialized skills and knowledge, and subjective and complex auditor judgment was involved in the assessment due to significant measurement uncertainty. Specifically, the assessment encompassed the evaluation of the collective ALL methodology, including an evaluation of the conceptual soundness and performance of the methods and models used to estimate (1) the quantitative component and its significant data elements and assumptions, which included portfolio segments, historic loss experience, reasonable and supportable forecast period, internal risk ratings, probability-weighted macroeconomic forecast scenarios, contractual term of the loan adjusted for estimated prepayments, and (2) the qualitative component. In addition, auditor judgment was required to evaluate the sufficiency of audit evidence obtained.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's measurement of the collective ALL estimates, including controls over the:

- development of the collective ALL methodology
- continued use and appropriateness of changes made to the quantitative models
- performance monitoring of the quantitative models for the December 31, 2023 commercial collective ALL
- identification and determination of the significant data elements and assumptions used in the quantitative models
- development of the qualitative component
- analysis of the collective ALL results, trends, and ratios.

We evaluated the Company's process to develop the collective ALL estimates by testing the models, significant data elements and assumptions that the Company used, and considered the relevance and reliability of such models, data, factors, and assumptions. We performed ratio and trend analysis over key ratios and peer comparison information relevant to the collective ALL. In addition, we involved credit risk professionals with specialized skills and knowledge, who assisted in:

- evaluating the Company's collective ALL methodology for compliance with U.S. generally accepted accounting principles
- evaluating judgments made by the Company relative to the assessment, conceptual soundness and performance testing of the quantitative models, which are based on historical loss experience by comparing them to relevant Company-specific metrics and trends and the applicable industry and regulatory practices
- evaluating the judgments made by the Company in selecting the macroeconomic forecast scenarios, including the reasonable and supportable period and the related probability-weighted macroeconomic forecast scenarios
- determining whether the loan portfolio is pooled based on loans with similar risk characteristics by comparing to the Company's business environment and relevant industry practices
- evaluating risk ratings for a selection of collectively evaluated loans

- evaluating the conceptual soundness of the framework used to develop the qualitative factors and the effect of those factors on the collective ALL compared with relevant credit risk factors and consistency with credit trends and identified limitations of the underlying quantitative models.

We also assessed the sufficiency of the audit evidence obtained related to the collective ALL estimates by evaluating the:

- cumulative results of audit procedures
- qualitative aspects of the Company’s accounting practices
- potential bias in accounting estimates.

/s/ KPMG LLP

We have served as the Company’s auditor since 2009.

Los Angeles, California
February 28, 2024

EAST WEST BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
($ in thousands, except shares)

	December 31, 2023	December 31, 2022
ASSETS		
Cash and due from banks	$ 444,793	$ 534,980
Interest-bearing cash with banks	4,170,191	2,946,804
Cash and cash equivalents	4,614,984	3,481,784
Interest-bearing deposits with banks	10,498	139,021
Assets purchased under resale agreements (“resale agreements”)	785,000	792,192
Securities:		
Available-for-sale (“AFS”) debt securities, at fair value (amortized cost of $6,916,491 and $6,879,225)	6,188,337	6,034,993
Held-to-maturity (“HTM”) debt securities, at amortized cost (fair value of $2,453,971 and $2,455,171)	2,956,040	3,001,868
Loans held-for-sale	116	25,644
Loans held-for-investment (net of allowance for loan losses of $668,743 and $595,645)	51,542,039	47,606,785
Investments in qualified affordable housing partnerships, tax credit and other investments, net	905,036	763,256
Premises and equipment (net of accumulated depreciation of $157,622 and $148,126)	86,370	89,191
Goodwill	465,697	465,697
Operating lease right-of-use assets	94,024	103,681
Other assets	1,964,743	1,608,038
TOTAL	**$ 69,612,884**	**$ 64,112,150**
LIABILITIES		
Deposits:		
Noninterest-bearing	$ 15,539,872	$ 21,051,090
Interest-bearing	40,552,566	34,916,759
Total deposits	56,092,438	55,967,849
Short-term borrowings	4,500,000	—
Assets sold under repurchase agreements (“repurchase agreements”)	—	300,000
Long-term debt and finance lease liabilities	153,011	152,400
Operating lease liabilities	102,353	111,931
Accrued expenses and other liabilities	1,814,248	1,595,358
Total liabilities	62,662,050	58,127,538
COMMITMENTS AND CONTINGENCIES (Note 12)		
STOCKHOLDERS’ EQUITY		
Common stock, $0.001 par value, 200,000,000 shares authorized; 169,372,230 and 168,459,045 shares issued	169	168
Additional paid-in capital	1,980,818	1,936,389
Retained earnings	6,465,230	5,582,546
Treasury stock, at cost 29,344,863 and 27,511,199 shares	(874,787)	(768,862)
Accumulated other comprehensive loss (“AOCI”), net of tax	(620,596)	(765,629)
Total stockholders’ equity	6,950,834	5,984,612
TOTAL	**$ 69,612,884**	**$ 64,112,150**

See accompanying Notes to Consolidated Financial Statements.

EAST WEST BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME
($ and shares in thousands, except per share data)

	Year Ended December 31, 2023	2022	2021
INTEREST AND DIVIDEND INCOME			
Loans receivable, including fees	$ 3,172,746	$ 2,048,301	$ 1,424,900
Debt securities	276,190	198,906	143,983
Resale agreements	20,164	29,767	32,239
Restricted equity securities	4,062	3,144	2,081
Interest-bearing cash and deposits with banks	220,643	41,113	15,531
Total interest and dividend income	3,693,805	2,321,231	1,618,734
INTEREST EXPENSE			
Deposits	1,205,550	251,838	69,159
Federal funds purchased and other short-term borrowings	157,002	1,801	42
Federal Home Loan Bank (“FHLB”) advances	6,430	1,754	6,881
Repurchase agreements	1,497	14,362	7,999
Long-term debt and finance lease liabilities	11,072	5,595	3,082
Total interest expense	1,381,551	275,350	87,163
Net interest income before provision for (reversal of) credit losses	2,312,254	2,045,881	1,531,571
Provision for (reversal of) credit losses	125,000	73,500	(35,000)
Net interest income after provision for (reversal of) credit losses	2,187,254	1,972,381	1,566,571
NONINTEREST INCOME			
Lending fees	83,876	79,208	77,704
Deposit account fees	89,606	88,435	71,261
Customer derivative income	20,200	29,057	22,913
Foreign exchange income	52,481	48,158	48,977
Wealth management fees	26,805	27,565	25,751
Net gains on sales of loans	3,634	6,411	8,909
Net (losses) gains on AFS debt securities	(6,862)	1,306	1,568
Other investment income	9,348	7,037	16,852
Other income	16,176	11,489	11,960
Total noninterest income	295,264	298,666	285,895
NONINTEREST EXPENSE			
Compensation and employee benefits	508,538	477,635	433,728
Occupancy and equipment expense	62,763	62,501	62,996
Deposit insurance premiums and regulatory assessments	103,308	19,449	17,563
Deposit account expense	43,143	25,508	16,152
Computer software and data processing expenses	44,475	42,776	46,863
Other operating expense	140,222	118,166	96,330
Amortization of tax credit and other investments	120,299	113,358	122,457
Total noninterest expense	1,022,748	859,393	796,089
INCOME BEFORE INCOME TAXES	1,459,770	1,411,654	1,056,377
INCOME TAX EXPENSE	298,609	283,571	183,396
NET INCOME	**$ 1,161,161**	**$ 1,128,083**	**$ 872,981**
EARNINGS PER SHARE (“EPS”)			
BASIC	$ 8.23	$ 7.98	$ 6.16
DILUTED	$ 8.18	$ 7.92	$ 6.10
WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING			
BASIC	141,164	141,326	141,826
DILUTED	141,902	142,492	143,140

See accompanying Notes to Consolidated Financial Statements.

EAST WEST BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
($ in thousands)

	Year Ended December 31,		
	2023	**2022**	**2021**
Net income	$ 1,161,161	$ 1,128,083	$ 872,981
Other comprehensive income (loss), net of tax:			
Net changes in unrealized gains (losses) on AFS debt securities	81,763	(508,799)	(137,950)
Reclassification of unrealized losses on debt securities transferred from AFS to HTM	—	(112,991)	—
Amortization of unrealized losses on debt securities transferred from ASF to HTM	11,171	12,678	—
Net changes in unrealized gains (losses) on cash flow hedges	52,155	(49,788)	1,487
Foreign currency translation adjustments	(56)	(16,348)	1,757
Other comprehensive income (loss)	145,033	(675,248)	(134,706)
COMPREHENSIVE INCOME	**$ 1,306,194**	**$ 452,835**	**$ 738,275**

See accompanying Notes to Consolidated Financial Statements.

EAST WEST BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

($ in thousands, except shares and per share data)

	Common Stock and Additional Paid-in Capital		Retained Earnings	Treasury Stock	AOCI, Net of Tax	Total Stockholders' Equity
	Shares	Amount				
BALANCE, DECEMBER 31, 2020	**141,565,229**	**$ 1,858,519**	**$ 4,000,414**	**$ (634,083)**	**$ 44,325**	**$ 5,269,175**
Net income	—	—	872,981	—	—	872,981
Other comprehensive loss	—	—	—	—	(134,706)	(134,706)
Issuance of common stock pursuant to various stock compensation plans and agreements	550,045	35,206	—	—	—	35,206
Repurchase of common stock pursuant to various stock compensation plans and agreements	(207,320)	—	—	(15,702)	—	(15,702)
Cash dividends on common stock ($1.32 per share)	—	—	(189,736)	—	—	(189,736)
BALANCE, DECEMBER 31, 2021	**141,907,954**	**$ 1,893,725**	**$ 4,683,659**	**$ (649,785)**	**$ (90,381)**	**$ 5,837,218**
Net income	—	—	1,128,083	—	—	1,128,083
Other comprehensive loss	—	—	—	—	(675,248)	(675,248)
Issuance of common stock pursuant to various stock compensation plans and agreements	671,871	42,832	—	—	—	42,832
Repurchase of common stock pursuant to various stock compensation plans and agreements	(246,462)	—	—	(19,087)	—	(19,087)
Repurchase of common stock pursuant to the stock repurchase program	(1,385,517)	—	—	(99,990)	—	(99,990)
Cash dividends on common stock ($1.60 per share)	—	—	(229,196)	—	—	(229,196)
BALANCE, DECEMBER 31, 2022	**140,947,846**	**$ 1,936,557**	**$ 5,582,546**	**$ (768,862)**	**$ (765,629)**	**$ 5,984,612**
Cumulative-effect of change in accounting principle [1]	—	—	(4,262)	—	—	(4,262)
Net income	—	—	1,161,161	—	—	1,161,161
Other comprehensive income	—	—	—	—	145,033	145,033
Issuance of common stock pursuant to various stock compensation plans and agreements	913,185	44,430	—	—	—	44,430
Repurchase of common stock pursuant to various stock compensation plans and agreements	(327,573)	—	—	(23,751)	—	(23,751)
Repurchase of common stock pursuant to the stock repurchase program	(1,506,091)	—	—	(82,174)	—	(82,174)
Cash dividends on common stock ($1.92 per share)	—	—	(274,215)	—	—	(274,215)
BALANCE, DECEMBER 31, 2023	**140,027,367**	**$ 1,980,987**	**$ 6,465,230**	**$ (874,787)**	**$ (620,596)**	**$ 6,950,834**

(1) Represents the change in the Company's allowance for loan losses as a result of the adoption of Accounting Standards Update ("ASU") 2022-02, *Financial Instruments — Credit Losses* (Topic 326)*: Troubled Debt Restructurings and the Vintage Disclosures* on January 1, 2023. Refer to *Note 1 — Summary of Significant Accounting Policies* to the Consolidated Financial Statements in this Annual Report on Form 10-K ("this Form 10-K") for additional information.

See accompanying Notes to Consolidated Financial Statements.

EAST WEST BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
($ in thousands)

	Year Ended December 31,		
	2023	**2022**	**2021**
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 1,161,161	$ 1,128,083	$ 872,981
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for (reversal of) credit losses	125,000	73,500	(35,000)
Depreciation and amortization	163,460	159,851	156,792
Accretion of discount and (amortization of premiums), net	10,723	56,703	67,415
Stock compensation costs	39,867	37,601	32,567
Deferred income tax (benefit) expense	(49,139)	(43,988)	4,762
Net gains on sales of loans	(3,634)	(6,411)	(8,909)
Net losses (gains) on AFS debt securities	6,862	(1,306)	(1,568)
Net gains on sales of other real estate owned ("OREO") and other foreclosed assets	(3,451)	(3,042)	(1,977)
Impairment on OREO and other foreclosed assets	—	6,861	5,151
Loans held-for-sale:			
Originations and purchases	(116)	(447)	(11,155)
Proceeds from sales and paydowns/payoffs of loans originally classified as held-for-sale	—	461	12,552
Proceeds from distributions received from equity method investees	11,282	7,586	13,117
Net change in accrued interest receivable and other assets	(146,270)	187,512	124,496
Net change in accrued expenses and other liabilities	105,304	461,385	(63,360)
Other operating activities, net	3,860	1,673	558
Total adjustments	263,748	937,939	295,441
Net cash provided by operating activities	**1,424,909**	**2,066,022**	**1,168,422**
CASH FLOWS FROM INVESTING ACTIVITIES			
Net (increase) decrease in:			
Investments in qualified affordable housing partnerships, tax credit and other investments	(228,550)	(167,303)	(189,836)
Interest-bearing deposits with banks	128,523	596,994	73,263
Resale agreements:			
Proceeds from paydowns and maturities	219,917	1,951,388	982,694
Purchases	(212,725)	(390,077)	(1,876,197)
AFS debt securities:			
Proceeds from sales	3,138	129,181	308,812
Proceeds from repayments, maturities and redemptions	1,470,819	896,726	1,766,184
Purchases	(1,549,846)	(1,070,608)	(6,779,655)
HTM debt securities:			
Proceeds from repayments, maturities and redemptions	61,744	75,635	—
Purchases	—	(50,000)	—
Loans held-for-investment:			
Proceeds from sales of loans originally classified as held-for-investment	711,862	602,725	606,410
Purchases	(600,930)	(657,620)	(1,045,456)
Other changes in loans held-for-investment, net	(4,166,572)	(6,516,182)	(2,877,438)
Proceeds from sales of OREO and other foreclosed assets	3,721	6,482	54,338
Purchase of bank-owned life insurance	—	(734)	(150,000)
Distributions received from equity method investees	23,774	18,221	14,440
Other investing activities, net	(112,036)	(7,720)	(4,763)
Net cash used in investing activities	**(4,247,161)**	**(4,582,892)**	**(9,117,204)**

See accompanying Notes to Consolidated Financial Statements.

EAST WEST BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
($ in thousands)
(Continued)

	Year Ended December 31,		
	2023	**2022**	**2021**
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase in deposits	144,468	2,709,427	8,464,285
Net increase (decrease) in short-term borrowings	4,500,000	6	(21,143)
FHLB advances:			
Proceeds	6,000,000	4,950,200	400
Repayments	(6,000,000)	(5,200,200)	(405,400)
Repurchase agreements:			
Repayment	(300,000)	—	—
Extinguishment cost	(3,872)	—	—
Long-term debt and lease liabilities:			
Repayments of long-term debt and lease liabilities	(871)	(943)	(1,206)
Common stock:			
Proceeds from issuance pursuant to various stock compensation plans and agreements	3,208	3,178	2,573
Stock tendered for payment of withholding taxes	(23,751)	(19,087)	(15,702)
Repurchase of common stock pursuant to the stock repurchase program	(82,174)	(99,990)	—
Cash dividends paid	(274,554)	(228,381)	(188,762)
Net cash provided by financing activities	**3,962,454**	**2,114,210**	**7,835,045**
Effect of exchange rate changes on cash and cash equivalents	(7,002)	(28,491)	8,701
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,133,200	(431,151)	(105,036)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,481,784	3,912,935	4,017,971
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 4,614,984**	**$ 3,481,784**	**$ 3,912,935**
SUPPLEMENTAL CASH FLOW INFORMATION:			
Cash paid during the year for:			
Interest	$ 1,213,319	$ 249,587	$ 87,684
Income taxes, net	$ 291,685	$ 281,269	$ 139,460
Noncash investing and financing activities:			
Loans transferred from held-for-investment to held-for-sale	$ 739,379	$ 623,777	$ 599,610
Securities transferred from AFS to HTM debt securities	$ —	$ 3,010,003	$ —
Loans transferred to OREO	$ 11,141	$ 270	$ 49,485

See accompanying Notes to Consolidated Financial Statements.

Note 1 — Summary of Significant Accounting Policies

Organization

East West Bancorp, Inc. (referred to herein on an unconsolidated basis as “East West” and on a consolidated basis as the “Company”) is a registered bank holding company that offers a full range of banking services to individuals and businesses through its subsidiary bank, East West Bank and its subsidiaries (“East West Bank” or the “Bank”). The Bank is the Company’s principal asset. As of December 31, 2023, the Company operated in over 120 locations in the United States (“U.S.”) and Asia. In the U.S., the Bank’s corporate headquarters and main administrative offices a located in California, and its branches and offices are located in California, Texas, New York, Washington, Georgia, Massachusetts, Illinois, and Nevada. In Asia, East West’s presence included full-service branches in Hong Kong, Shanghai, Shantou and Shenzhen, representative offices in Beijing, Chongqing, Guangzhou, Xiamen and Singapore, and administrative support offices in Beijing and Shanghai. The Bank has a banking subsidiary based in China — *East West Bank (China) Limited.*

Significant Accounting Policies

***Basis of Presentation* —** The accounting and reporting policies of the Company conform with the U.S. Generally Accepted Accounting Principles (“GAAP”), applicable guidelines prescribed by regulatory authorities and common practices in the banking industry. The preparation of the Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the Consolidated Financial Statements, income and expenses during the reporting period, and the related disclosures. Actual results could differ materially from those estimates. Certain items on the Consolidated Financial Statements and notes for the prior years have been reclassified to conform to the 2023 presentation.

***Principles of Consolidation* —** The Consolidated Financial Statements in this Form 10-K include the accounts of East West and its subsidiaries that are majority owned and in which the Company has a controlling financial interest. In accordance with the applicable accounting guidance for consolidation, the Company first determines if it has a variable interest in the entity. A variable interest entity (“VIE”) is an entity that lacks equity investors or whose equity investors do not have a controlling financial interest in the entity through their equity investments. If it is determined that the Company does not have a variable interest in the entity, no further analysis is required and the entity is not consolidated. The Company consolidates a VIE when the Company has a controlling financial interest in the entity and therefore is deemed to be the primary beneficiary. The primary beneficiary of a VIE is determined if the Company has: i) both the power and ability to direct activities of the VIE that most significantly affect the entity’s economic performance; and ii) the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the VIE. For an entity that does not meet the definition of a VIE, the entity is determined to be a voting interest entity. The Company consolidates a voting interest entity if it can exert control over the financial and operating policies of an investee, which can occur if the Company has a more than 50% voting interest in the entity. For unconsolidated voting interest entities or VIE, the Company uses the equity, cost or measurement alternative method based on the Company’s voting or economic interest.

Intercompany transactions and accounts have been eliminated in consolidation. East West also has six wholly-owned subsidiaries that are statutory business trusts (the “Trusts”). In accordance with Financial Accounting Standards Board Accounting Standards Codification (“ASC”) Topic 810, *Consolidation,* the Trusts are not included in the Consolidated Financial Statements.

***Cash and Cash Equivalents* —** Cash and cash equivalents include cash on hand, cash items in transit, cash due from the Federal Reserve Bank of San Francisco (“FRBSF”) and other financial institutions, and federal funds sold with original maturities up to three months.

***Interest-Bearing Deposits with Banks* —** Interest-bearing deposits with banks include cash placed with other banks with original maturities greater than three months and less than one year.

Assets Purchased under Resale Agreements and Assets Sold under Repurchase Agreements — Resale agreements are recorded as receivables based on the values at which the securities or loans are acquired. Repurchase agreements are accounted for as collateralized financing transactions and recorded as liabilities based on the values at which the securities are sold. The Company monitors the values of the underlying assets collateralizing the resale and repurchase agreements, including accrued interest, and obtains or posts additional collateral in order to maintain the appropriate collateral requirements for the transactions. For allowance for credit losses on resale agreements, refer to the *Allowance for Collateral-Dependent Financial Assets* section of this note for details.

Securities — The Company's securities include various debt securities, marketable and non-marketable equity securities. Debt securities are recorded on the Consolidated Balance Sheet as of their trade dates. The Company initially classifies its debt securities as trading securities, AFS or HTM debt securities based on management's intention on the date of the purchase. Debt securities are purchased for liquidity and investment purposes, as part of asset/liability management and other strategic activities.

Debt securities for which the Company has the positive intention and ability to hold until maturity are classified as HTM and are carried at amortized cost, net of allowance for credit losses. Debt securities not classified as trading securities or HTM securities are classified as AFS. AFS debt securities are reported at fair value, net of the allowance for credit losses, with unrealized gains and losses recorded in AOCI, net of applicable income taxes. For details of the allowance for credit losses on debt securities, refer to the *Allowance for Credit Losses on Available-for-Sale* and *Held-to-Maturity Debt Securities* sections of this note. Interest income, including any amortization of premium or accretion of discount, is included in net income. The Company recognizes realized gains and losses on the sale of AFS debt securities in earnings, using the specific identification method.

Upon transfer of a debt security from the AFS to HTM category, the security's new amortized cost is reset to fair value, reduced by any previous write-offs but excluding any allowance for credit losses. Unrealized gains or losses at the date of transfer of these securities continue to be reported in AOCI and are amortized into interest income over the remaining life of the securities as effective yield adjustments, in a manner consistent with the amortization or accretion of the original purchase premium or discount on the associated security. For transfers of securities from the AFS to HTM category, any allowance for credit losses that was previously recorded under the AFS model is reversed and an allowance for credit losses is subsequently recorded under the HTM debt security model. The reversal and re-establishment of the allowance for credit losses are recorded in the provision for credit losses.

Marketable equity securities with readily determinable fair values are recorded at fair value with unrealized gains and losses due to changes in fair value; and are included in *Other investment income* on the Consolidated Statement of Income. Marketable equity securities include mutual fund investments, which are included in *Investments in qualified affordable housing partnership, tax credit and other investments, net* on the Consolidated Balance Sheet.

Non-marketable equity securities including tax credit investments, and other equity investments that do not have readily determinable fair values are recorded in *Investments in qualified affordable housing partnership, tax credit and other investments, net,* and *Other assets* on the Consolidated Balance Sheet and are accounted for under one of the following accounting methods:

- ***Equity Method*** — When the Company has the ability to exercise significant influence over the investee.
- ***Cost Method*** — The cost method is applied to restricted equity securities held for membership and regulatory purposes, such as FRBSF and FHLB stock. These investments are held at their cost minus impairment. If impaired, the carrying value is written down to the fair value of the security.
- ***Measurement Alternative*** — This method is applied to all remaining non-marketable equity securities. These securities are carried at cost adjusted for impairment, if any, plus or minus observable price changes in orderly transactions of an identical or similar security of the same issuer.

The Company's impairment review for equity method, cost method and measurement alternative securities typically includes an analysis of the facts and circumstances of each security, the intent or requirement to sell the security, the expectations of cash flows, capital needs and the viability of its business model. For equity method and cost method investments, the Company reduces the asset's carrying value when the Company considers declines in value to be other-than-temporary impairment ("OTTI"). For securities accounted for under the measurement alternative, the Company reduces the asset value when the fair value is less than the carrying value, without the consideration of recovery.

***Loans Held-for-Sale* —** Loans are initially classified as loans held-for-sale when they are individually identified as being available for immediate sale and management has committed to a formal plan to sell them. Loans held-for-sale are carried at lower of cost or fair value. Subject to periodic review under the Company's evaluation process, including asset/liability and credit risk management, the Company may transfer certain loans from held-for-investment to held-for-sale measured at lower of cost or fair value. Any write-downs in the carrying amount of the loan at the date of transfer are recorded as charge-offs to allowance for loan losses. Loan origination fees on loans held-for-sale, net of certain costs in processing and closing the loans, are deferred until the time of sale and are included in the periodic determination of the lower of cost or fair value adjustments and/or the gain or loss recognized at the time of sale. A valuation allowance is established if the fair value of such loans is lower than their cost, with a corresponding charge to noninterest income. If the loan or a portion of the loan cannot be sold, it is subsequently transferred back to the loans held-for-investment portfolio from the loans held-for-sale portfolio at the lower of cost or fair value on the transfer date.

***Loans Held-for-Investment* —** At the time of commitment to originate or purchase a loan, the loan is determined to be held-for-investment if it is the Company's intent to hold the loan to maturity or for the foreseeable future. Loans held-for-investment are stated at their outstanding principal, reduced by an allowance for loan losses and net of deferred loan fees or costs, or unearned fees on originated loans, net of unamortized premiums or unaccreted discounts on purchased loans. Nonrefundable fees and direct costs associated with the origination or purchase of loans are deferred and netted against outstanding loan balances. The deferred net loan fees and costs are recognized in interest income as an adjustment to yield over the loan term using the effective interest method. Discounts/premiums on purchased loans are accreted/amortized to interest income using the effective interest method over the remaining contractual maturity. Interest on loans is calculated using the simple-interest method on daily balances of the principal amounts outstanding. Generally, loans are placed on nonaccrual status when they become 90 days past due or more. Loans are considered past due when contractually required principal or interest payments have not been made on the due dates. Loans are also placed on nonaccrual status when management believes, after considering economic and business conditions and collection efforts, that the borrower's financial condition is such that full collection of principal or interest becomes uncertain, regardless of the length of past due status. Once a loan is placed on nonaccrual status, interest accrual is discontinued and all unpaid accrued interest is reversed against interest income. Interest payments received on nonaccrual loans are reflected as a reduction of principal and not as interest income. 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.

***Loan Modifications* —** Certain loans are modified in the normal course of business for competitive reasons or in conjunction with the Company's loss mitigation activities. Upon the adoption of ASU 2022-02 on January 1, 2023, the Company applies the general loan modification guidance provided in ASC 310-20 to all loan modifications, including modifications made to borrowers experiencing financial difficulty. Under the general loan modification guidance, a modification is treated as a new loan only if the following two conditions are met: (1) the terms of the new loan are at least as favorable to the Company as the terms for comparable loans to other customers with similar collection risks; and (2) modifications to the terms of the original loan are more than minor. If either condition is not met, the modification is accounted for as a continuation of the existing loan with any effect of the modification treated as a prospective adjustment to the loan's effective interest rate. A modification made to borrowers experiencing financial difficulty may vary by program and by borrower-specific characteristics, and may include rate reductions, principal forgiveness, term extensions, and payment delays, and is intended to minimize the Company's economic loss and to avoid foreclosure or repossession of collateral. The Company applies the same credit loss methodology it uses for similar loans that were not modified.

Troubled Debt Restructurings — Prior to the adoption of ASU 2022-02, a loan was generally classified as a troubled debt restructuring ("TDR") when the Company, for economic or legal reasons related to the borrower's financial difficulties, granted a concession to the borrower that the Company would not otherwise consider. The concessions may be granted in various forms, including a below-market change in the stated interest rate, a reduction in the loan balance or accrued interest, a term extension, a payment forbearance and other actions. Loans with contractual terms that were modified as a TDR and were current at the time of restructuring may remain on accrual status if there was demonstrated performance prior to the restructuring and payment in full under the restructured terms was expected. Otherwise, these loans were placed on nonaccrual status and were reported as nonperforming, until the borrower demonstrated a sustained period of performance, generally six months, and the ability to repay the loan according to the contractual terms. If accruing TDRs ceased to perform in accordance with their modified contractual terms, they were placed on nonaccrual status and reported as nonperforming TDRs. TDRs were included in the quarterly allowance for credit losses valuation process.

Allowance for Loan Losses — The allowance for loan losses is established as management's estimate of expected credit losses inherent in the Company's lending activities; it is increased by the provision for credit losses and decreased by net charge-offs. The allowance for loan losses is evaluated quarterly by management based on regular reviews of the collectability of the Company's loans, and more often if deemed necessary. The Company develops and documents the allowance for loan losses methodology at the portfolio segment level. The commercial loan portfolio is comprised of commercial and industrial ("C&I"), commercial real estate ("CRE"), multifamily residential, and construction and land loans; and the consumer loan portfolio is comprised of single-family residential, home equity lines of credit ("HELOCs"), and other consumer loans.

The allowance for loan losses represents the portion of a loan's amortized cost basis that the Company does not expect to collect due to anticipated credit losses over the loan's contractual life, adjusted for prepayments. The Company measures the expected loan losses on a collective pool basis when similar risk characteristics exist. Models consisting of quantitative and qualitative components are designed for each pool to develop the expected credit loss estimates. Reasonable and supportable forecast periods vary by loan portfolio. The Company has adopted lifetime loss rate models for the portfolios, which use historical loss rates and forecast economic variables to calculate the expected credit losses for each loan pool. When loans do not share similar risk characteristics, the Company evaluates the loan for expected credit losses on an individual basis. Individually assessed loans include nonaccrual loans. The Company evaluates loans for expected credit losses on an individual basis if, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the original contractual terms of the loan agreement. When the loan is deemed uncollectible, it is the Company's policy to charge off the uncollectible amount against the allowance for loan losses.

The amortized cost of loans held-for-investment excludes accrued interest, which is included in *Other assets* on the Consolidated Balance Sheet. The Company has made an accounting policy election to not recognize an allowance for loan losses for accrued interest receivables as the Company reverses accrued interest if a loan is on nonaccrual status.

The allowance for loan losses is reported separately on the Consolidated Balance Sheet and the *Provision for credit losses* is reported on the Consolidated Statement of Income.

Allowance for Unfunded Credit Commitments — The allowance for unfunded credit commitments includes reserves provided for unfunded loan commitments, letters of credit, standby letters of credit ("SBLCs") and recourse obligations for loans sold. The Company estimates the allowance for unfunded credit commitments over the contractual period in which the entity is exposed to credit risk via a present contractual obligation to extend credit. Within the period of credit exposure, the Company considers both the likelihood that funding will occur, and the expected credit losses on the commitments that are expected to fund over their estimated lives.

The allowance for unfunded credit commitments is maintained at a level believed by management to be sufficient to absorb expected credit losses related to unfunded credit facilities. The determination of the adequacy of the allowance is based on periodic evaluations of the unfunded credit facilities. For all off-balance sheet instruments and commitments, the unfunded credit exposure is calculated using assumptions based on the Company's historical utilization experience in related portfolio segments. Loss rates are applied to the calculated exposure balances to estimate the allowance for unfunded credit commitments. Other elements such as credit risk factors for loans outstanding, terms and expiration dates of the unfunded credit facilities, and other pertinent information are considered to determine the adequacy of the allowance.

The allowance for unfunded credit commitments is included in the *Accrued expenses and other liabilities* on the Consolidated Balance Sheet. Changes to the allowance for unfunded credit commitments are included in *Provision for credit losses* on the Consolidated Income Statements.

Allowance for Credit Losses on Available-for-Sale Debt Securities — For each reporting period, each AFS debt security that is in an unrealized loss position is individually analyzed as part of the Company's ongoing assessments to determine whether a fair value below the amortized cost basis has resulted from a credit loss or other factors. The initial indicator of impairment is a decline in fair value below the amortized cost of the AFS debt security, excluding accrued interest. The Company first considers whether there is a plan to sell the AFS debt security or it is more-likely-than-not that it will be required to sell the AFS debt security before recovery of the amortized cost. In determining whether an impairment is due to credit related factors, the Company considers the severity of the decline in fair value, nature of the security, the underlying collateral, the financial condition of the issuer, changes in the AFS debt security's ratings and other qualitative factors. For AFS debt securities that are guaranteed or issued by the U.S. government, or government-sponsored enterprises of high credit quality, the Company applies a zero credit loss assumption.

When the Company does not intend to sell the impaired AFS debt security and it is more-likely-than-not that the Company will not be required to sell the impaired debt security prior to recovery of its amortized cost basis, the credit component of the unrealized loss of the impaired AFS debt security is recognized as an allowance for credit losses, with a corresponding *Provision for credit losses* on the Consolidated Statement of Income and the non-credit component is recognized in *Other comprehensive income (loss)* on the Consolidated Statement of Comprehensive Income, net of applicable taxes. At each reporting period, the Company increases or decreases the allowance for credit losses as appropriate, while limiting reversals of the allowance for credit losses to the extent of the amounts previously recorded. If the Company intends to sell the impaired debt security or it is more-likely-than-not that the Company will be required to sell the impaired debt security prior to recovering its amortized cost basis, the entire impairment amount is recognized as an adjustment to the debt security's amortized cost basis, with a corresponding *Provision for credit losses* on the Consolidated Statement of Income.

The amortized cost of the Company's AFS debt securities excludes accrued interest, which is included in *Other assets* on the Consolidated Balance Sheet. The Company has made an accounting policy election not to recognize an allowance for credit losses for accrued interest receivables on AFS debt securities as the Company reverses any accrued interest if a debt security is impaired. As each AFS debt security has a unique security structure, where the accrual status is clearly determined when certain criteria listed in the terms are met, the Company assesses the default status of each security as defined by the debt security's specific security structure.

Allowance for Credit Losses on Held-to-Maturity Debt Securities — For each major HTM debt security type, the allowance for credit losses is estimated collectively for groups of securities with similar risk characteristics. For securities that do not share similar risk characteristics, the losses are estimated individually. The Company applies a zero credit loss assumption to certain HTM debt securities, including debt securities that are either guaranteed or issued by the U.S. government or government-sponsored enterprises, are highly rated by nationally recognized statistical rating organizations ("NRSROs"), and have a long history of no credit losses. Any expected credit loss is recorded through the allowance for credit losses and deducted from the amortized cost basis of the security, reflecting the net amount the Company expects to collect.

The amortized cost of the Company's HTM debt securities excludes accrued interest, which is included in *Other assets* on the Consolidated Balance Sheet. The Company has made an accounting policy election not to recognize an allowance for credit losses for accrued interest receivables on HTM debt securities, as the Company reverses any accrued interest against interest income if a debt security is placed on nonaccrual status. The criteria used to place HTM debt securities on nonaccrual are largely similar to those described for loans. Any cash collected on nonaccrual HTM debt securities is applied to reduce the security's amortized cost basis and not as interest income. Generally, the Company returns an HTM security to accrual status when all delinquent interest and principal become current under the contractual terms of the security, and the collectability of remaining principal and interest is no longer doubtful.

Allowance for Collateral-Dependent Financial Assets — A financial asset is considered collateral-dependent if repayment is expected to be provided substantially through the operation or sale of the collateral. The allowance for credit losses is measured on an individual basis for collateral-dependent financial assets and determined by comparing the fair value of the collateral less the cost to sell, to the amortized cost basis of the related financial asset at the reporting date. Other than loans, collateral-dependent financial assets could also include resale agreements. In arrangements which the borrower must continually adjust the collateral securing the asset to reflect changes in the collateral's fair value (e.g., resale agreements), the Company estimates the expected credit losses on the basis of the unsecured portion of the amortized cost as of the balance sheet date. If the fair value of the collateral is equal to or greater than the amortized cost of the resale agreement, the expected losses would be zero. If the fair value of the collateral is less than the amortized cost of the asset, the expected losses are limited to the difference between the fair value of the collateral and the amortized cost basis of the resale agreement.

Allowance for Purchased Credit Deteriorated Assets — Purchased assets that have experienced a more-than-insignificant deterioration in credit quality since origination are deemed Purchased Credit Deteriorated ("PCD") assets. For PCD HTM debt securities and PCD loans, the company records the allowance for credit losses by grossing up the initial amortized cost, which includes the purchase price and the allowance for credit losses. The expected credit losses of PCD debt securities are measured at the individual security level. The expected credit losses for PCD loans are measured based on the loan's unpaid principal balance. Under this approach, there is no income statement impact from the acquisition. Subsequent changes in the allowance for credit losses on PCD assets will be recognized in *Provision for credit losses* on the Consolidated Statement of Income. The non-credit discount or premium will be accreted to interest income based on the effective interest rate on the PCD assets determined after the gross-up for the allowance for credit losses.

Investments in Qualified Affordable Housing Partnerships, Tax Credit and Other Investments, Net — The Company records the investments in qualified affordable housing partnerships, net, primarily using the proportional amortization method. Under the proportional amortization method, the Company amortizes the initial cost of the investment in proportion to the tax credits and other tax benefits received, and recognizes the amortization in *Income tax expense* on the Consolidated Statement of Income.

The Company records investments in tax credit and other investments, net, using either the equity method or the measurement alternative method of accounting. The tax credits are recognized on the Consolidated Financial Statements to the extent they are utilized on the Company's income tax returns in the year the credit arises under the flow-through method of accounting. The investments are evaluated for possible OTTI on an annual basis or on an interim basis, if an event occurs that would trigger potential impairment. OTTI charges and impairment recoveries are recorded within *Amortization of tax credit and other investments* on the Consolidated Statement of Income. See *Note 2 — Fair Value Measurement and Fair Value of Financial Instruments* to the Consolidated Financial Statements in this Form 10-K for a discussion on the Company's impairment evaluation and monitoring process of tax credit investments.

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

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

The Company reviews its long-lived assets for impairment annually, or when events or changes in circumstances indicate that the carrying amounts of these assets may not be recoverable. An asset is considered impaired when the fair value, which is the expected undiscounted cash flows over the remaining useful life, is less than the net book value. The excess of the net book value over its fair value is charged as impairment loss to noninterest expense.

Goodwill — Goodwill represents the excess of the purchase price over the fair value of net assets acquired in an acquisition. Goodwill is tested for impairment on an annual basis as of December 31, or more frequently as events occur or circumstances change that indicate a potential impairment at the reporting unit level. The Company assesses goodwill for impairment at each operating segment level. The Company organizes its operations into three reporting segments: (1) Consumer and Business Banking; (2) Commercial Banking; and (3) Other. For information on how the reporting units are identified and the components are aggregated, see *Note 17 — Business Segments* to the Consolidated Financial Statements in this Form 10-K. The Company has the option to perform a qualitative assessment of goodwill or elect to bypass the qualitative test and proceed directly to a quantitative test. If the Company performs a qualitative assessment of goodwill to test for impairment and concludes it is more likely than not that a reporting unit's fair value is greater than its carrying value, quantitative tests are not required. If the qualitative analysis indicates that it is more likely than not that a reporting unit's fair value is less than its carrying value, the Company is required to perform a quantitative assessment to determine if there is goodwill impairment. Factors considered in the qualitative assessments include but are not limited to macroeconomic conditions, industry and market considerations, financial performance of the respective operating segment and other reporting unit specific considerations. The Company uses a combined income and market approach in its quantitative valuation methodologies. A quantitative valuation involves determining the fair value of each reporting unit and comparing the fair value to its corresponding carrying value. Goodwill impairment loss is recorded as a charge to noninterest expense and an adjustment to the carrying value of goodwill. Subsequent reversals of goodwill impairment are not allowed.

Derivatives — As part of its asset/liability management strategy, the Company uses derivative financial instruments to mitigate exposure to interest rate and foreign currency risks, and to assist customers with their risk management objectives. Derivatives utilized by the Company include primarily swaps, forwards and option contracts. Derivative instruments are included in *Other assets* or *Accrued expenses and other liabilities* on the Consolidated Balance Sheet at fair value. The related cash flows are recognized on the *Cash flows from operating activities* section on the Consolidated Statement of Cash Flows. The Company uses its accounting hedges based on the exposure being hedged as either fair value hedges, cash flow hedges or hedges of the net investments in certain foreign operations. For fair value hedges of interest rate risk, changes in fair value of derivatives are reported within *Interest expense* on the Consolidated Statement of Income. Changes in fair value of derivatives designated as hedges of the net investments in foreign operations are recorded as a component of AOCI. For cash flow hedges of floating-rate interest payments or receipts, the change in the fair value of hedges is recognized in *AOCI* on the Consolidated Balance Sheet and reclassified to earnings in the same period when the hedged cash flows impact earnings. Reclassified gains and losses of cash flow hedges are recorded in the same line item as the hedged interest payment within *Interest expense* or as interest receipts within *Interest and dividend income* on the Consolidated Statements of Income.

All derivatives designated as fair value hedges and hedges of the net investments in certain foreign operations are linked to specific hedged items or to groups of specific assets and liabilities on the Consolidated Balance Sheet. Cash flow hedges are linked to the forecasted transactions related to a recognized asset or liability. To qualify as an accounting hedge under the hedge accounting rules (versus an economic hedge where hedge accounting is not sought), a derivative must be highly effective in offsetting the risk designated as being hedged. The Company formally documents its hedging relationships at inception, including the identification of the hedging instruments and the hedged items, as well as its risk management objectives and strategies for undertaking the hedge transaction at the time the derivative contract is executed. Subsequent to inception, on a quarterly basis, the Company assesses whether the derivatives used in hedging transactions are highly effective in offsetting changes in the fair value of the hedged items or the cash flows of attributable hedged risks. The quarterly assessment is performed on both a prospective basis (to reconfirm forward-looking expectations that the hedge will be highly effective) and a retrospective basis (to determine whether the hedging relationship was highly effective).

The Company discontinues hedge accounting prospectively when (i) a derivative is no longer highly effective in offsetting changes in fair value; (ii) a derivative expires, or is sold, terminated or exercised, or (iii) the Company determines that designation of a derivative as a hedge is no longer appropriate. If a fair value hedge is discontinued, the derivative will continue to be recorded on the Consolidated Balance Sheet at fair value with changes in fair value recognized on the Consolidated Statement of Income. When the hedged net investment is discontinued, any amounts that have not yet been recognized in earnings remain in AOCI until the net investment is either sold or substantially liquidated where the changes in the fair value of the derivatives are reclassified out of AOCI into *Foreign exchange income* on the Consolidated Statement of Income. If a cash flow hedge is discontinued but the hedged forecasted cash flow is still expected to happen, the derivative net gain or loss will remain in *AOCI* and be reclassified into earnings in the periods in which the hedged forecasted cash flow affects earnings. If a cash flow hedge is discontinued and when it becomes probable that the forecasted cash flow is not expected to happen, the derivative net gain or loss will be reclassified into earnings immediately.

The Company also offers various interest rate, commodity and foreign exchange derivative products to customers. These transactions are not linked to specific assets or liabilities on the Consolidated Balance Sheet or to forecasted transactions in a hedging relationship and, therefore, do not qualify for hedge accounting. These contracts are recorded at fair value with changes in fair value recorded in *Customer derivative income* or *Foreign exchange income* on the Consolidated Statement of Income.

As part of the Company's loan origination process, from time to time, the Company obtains equity warrants to purchase preferred and/or common stock of public or private companies it provides loans to. Separately, the Company granted performance-based restricted stock units ("RSUs") as part of its consideration for its investment in Rayliant Global Advisors Limited ("Rayliant") during the third quarter of 2023. The vesting of these performance-based RSUs is contingent on Rayliant meeting certain financial performance targets during the future performance period. These equity contracts are accounted for as derivatives and recorded at fair value in *Other assets* or *Accrued expenses and other liabilities* on the Consolidated Balance Sheet with changes in fair value recorded in *Lending fees* or *Customer derivative income* on the Consolidated Statement of Income.

The Company is exposed to counterparty credit risk, which is the risk that counterparties to the derivative contracts do not perform as expected. Valuation of derivative assets and liabilities reflect the value of the instrument inclusive of the nonperformance risk. The Company uses master netting arrangements to mitigate counterparty credit risk in derivative transactions. To the extent the derivatives are subject to master netting arrangements, the Company takes into account the impact of master netting arrangements that allow the Company to settle all derivative contracts executed with the same counterparty on a net basis, and to offset the net derivative position with the related cash and securities collateral. The Company elects to offset derivative transactions with the same counterparty on the Consolidated Balance Sheet when a derivative transaction has a legally enforceable master netting arrangement and when it is eligible for netting under ASC 210-20-45-1, *Balance Sheet Offsetting: Netting Derivative Positions on Balance Sheet.* Derivative balances and related cash collateral are presented net on the Consolidated Balance Sheet. In addition, the Company applies the Settlement to Market treatment for the cash collateralizing our interest rate and commodity contracts with certain centrally cleared counterparties. As a result, derivative balances with these counterparties are considered settled by the collateral.

Fair Value — The Company records or discloses certain assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining the fair value of financial instruments, the Company uses various methods including market and income approaches. Based on these approaches, the Company utilizes certain assumptions that market participants would use in pricing an asset or a liability. These inputs can be readily observable, market corroborated or generally unobservable. Fair value measurements are based on the exit price notion that maximizes the use of observable inputs and minimizes the use of unobservable inputs. All inputs, whether observable or unobservable, are ranked in accordance with a prescribed fair value hierarchy that assigns the highest priority to quoted prices in active markets and the lowest priority to prices derived from data lacking transparency. The Company's assets and liabilities are classified in their entirety based on the lowest level of input that is significant to their fair value measurements. The fair value of the Company's assets and liabilities is classified and disclosed in one of the following three categories:

- Level 1 — Valuation is based on quoted prices for identical instruments traded in active markets.
- Level 2 — Valuation is based on quoted prices for similar instruments traded in active markets; quoted prices for identical or similar instruments traded in markets that are not active; and model-derived valuations whose inputs are observable and can be corroborated by market data.
- Level 3 — Valuation is based on significant unobservable inputs for determining the fair value of assets or liabilities. These significant unobservable inputs reflect assumptions that market participants may use in pricing the assets or liabilities.

For additional information on fair value, see *Note 2 — Fair Value Measurement and Fair Value of Financial Instruments* to the Consolidated Financial Statements in this Form 10-K.

Stock-Based Compensation — The Company grants time-based RSUs, which include service conditions for vesting. Compensation cost for these time-based awards is based on the quoted market price of the Company's common stock at the grant date. Compensation costs for time-based RSUs that will be settled in cash instead of shares are adjusted to fair value based on changes in the Company's stock price up to the settlement date. In addition, the Company grants performance-based RSUs, which contain additional performance goals and market conditions that are required to be met in order for the awards to vest. Compensation expense for these performance-based RSUs is based on the grant-date fair value considers both performance and market conditions. Subsequently, the Company evaluates the probable outcome of the performance conditions quarterly and makes cumulative adjustments for current and prior periods in compensation expense in the period of change. Market conditions subsequent to the grant date have no impact on the amount of compensation expense the Company will recognize over the life of the award. Compensation cost is amortized on a straight-line basis over the requisite service period for the entire award, which is generally the maximum vesting period of the award. Excess tax benefits and deficiencies on share-based payment awards are recognized within *Income tax expense* on the Consolidated Statement of Income. As stock-based compensation expense is estimated based on awards ultimately expected to vest, it is reduced by the expense related to awards expected to be forfeited. Forfeitures are estimated at the time of grant and are updated quarterly. If the estimated forfeitures are revised, a cumulative effect of changes in estimated forfeitures for the current and prior periods is recognized in compensation expense in the period of change. Refer to *Note 13 — Stock Compensation Plans* on the Consolidated Financial Statements in this Form 10-K for additional information.

Revenue from Contracts with Customers — The Company recognizes two primary types of revenue on its Consolidated Statement of Income: *Net interest income* and *Noninterest income*. The Company's revenue from contracts with customers consists of service charges and fees related to deposit accounts, card income and wealth management fees. These revenue streams as described below comprised 40%, 39% and 35% of total noninterest income for the years ended December 31, 2023, 2022 and 2021, respectively.

- ***Deposit Service Charges and Related Fee Income*** **—** The Company offers a range of deposit products to individuals and businesses, which includes savings, money market, checking and time deposit accounts. The deposit account services include ongoing account maintenance, as well as certain optional services such as various in-branch services, automated teller machine/debit card usage, wire transfer services or check orders. In addition, treasury management and business account analysis services are offered to commercial deposit customers. The monthly account fees may vary with the amount of average monthly deposit balances maintained, or the Company may charge a fixed monthly account maintenance fee if certain average balances are not maintained. In addition, each time a deposit customer selects an optional service, the Company may earn transaction fees, generally recognized by the Company at the point when the transaction occurs. For business analysis accounts, commercial deposit customers receive an earnings credit based on their account balance, which can be used to offset the cost of banking and treasury management services. Business analysis accounts that are assessed fees in excess of earnings credits received are typically charged at the end of each month, after all transactions are known and the credits are calculated. Deposit service charge and related fee income are recognized in all operating segments.
- ***Card Income*** **—** Card income consists of merchant referral fees and interchange income. For merchant referral fees, the Company provides marketing and referral services to acquiring banks for merchant card processing services and earns variable referral fees based on transaction activities. The Company satisfies its performance obligation over time as the Company identifies, solicits, and refers business customers who are provided such services. The Company receives monthly fees net of consideration it pays to the acquiring bank performing the merchant card processing services. The Company recognizes revenue on a monthly basis when the uncertainty associated with the variable referral fees is resolved after the Company receives monthly statements from the acquiring bank. For interchange income, the Company, as a card issuer, has a stand ready performance obligation to authorize, clear, and settle card transactions. The Company earns or pays interchange fees, which are percentage-based on each transaction, and based on rates published by the corresponding payment network for transactions processed using their network. The Company measures its progress toward the satisfaction of its performance obligation over time as services are rendered, and the Company provides continuous access to this service and settles transactions as its customer or the payment network requires. Interchange income is presented net of direct costs paid to the customer and entities in their distribution chain, which are transaction-based expenses such as rewards program expenses and certain network costs. Revenue is recognized when the net profit is determined by the payment networks at the end of each day. Card income is recognized in consumer and business banking, and commercial banking segments.
- ***Wealth Management Fees*** **—** The Company provides investment planning services for customers including wealth management services, asset allocation strategies, portfolio analysis and monitoring, investment strategies and risk management strategies. The fees the Company earns are variable and are generally received monthly. The Company recognizes revenue for the services performed at quarter-end based on actual transaction details received from the broker-dealer with whom the Company engages. Wealth management fees are recognized in both consumer and business banking, and commercial banking segments.

Income Taxes — The Company files consolidated federal income tax returns, foreign tax returns, and various combined and separate company state tax returns. The calculation of the Company's income tax provision and related tax accruals requires the use of estimates and judgments. Income tax expense consists of two components: current and deferred. Current tax expense represents taxes to be paid or refunded for the current period and includes income tax expense related to our uncertain tax positions. Income tax liabilities (receivables) represent the estimated amounts due to (due from) the various taxing jurisdictions where the Company has established a tax presence and are reported in *Accrued expenses and other liabilities* or *Other assets* on the Consolidated Balance Sheets. Deferred tax expense results from changes in deferred tax assets and liabilities between period, and is determined using the balance sheet method. Under the balance sheet method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax basis of assets and liabilities. Deferred tax assets are also recognized for tax attributes such as net operating loss carryforwards and tax credit carryforwards. Management regularly reviews the Company's tax positions and deferred tax balances. In concluding whether a valuation allowance is required, the Company considers all available evidence, both positive and negative, based on the more-likely-than-not criteria that such assets will be realized. Factors considered in this analysis include the Company's ability to generate future taxable income, implement tax-planning strategies (as defined in ASC 740, *Income Taxes*) and utilize taxable income from prior carryback years (if such carryback is permitted under the applicable tax law), as well as future reversals of existing taxable temporary differences. To the extent a deferred tax asset is no longer expected more-likely-than-not to be realized, a valuation allowance is established. Deferred tax assets net of deferred tax liabilities are included in *Other assets* on the Consolidated Balance Sheet.

The Company reports a liability for unrecognized tax benefits resulting from uncertain tax positions taken, or expected to be taken, in an income tax return. Uncertain tax positions that meet the more-likely-than-not recognition threshold are measured to determine the amount of benefit to recognize. An uncertain tax position is measured at the largest amount of benefit that management believes has a greater than 50% likelihood of realization upon settlement. Tax benefits not meeting our realization criteria represent unrecognized tax benefits. The Company establishes a liability for potential taxes, interest and penalties related to uncertain tax positions based on facts and circumstances, including the interpretation of existing law, new judicial or regulatory guidance, and the status of tax audits.

Earnings Per Share — Basic EPS is computed by dividing net income by the weighted-average number of common shares outstanding during each period. Diluted EPS is computed by taking net income, adjusted to remove any fair value changes related to liability-classified contingent equity contracts, divided by the weighted-average number of common shares outstanding during each period, plus any incremental dilutive common share equivalents calculated for outstanding time- and performance-based RSUs and contingently issuable shares using the treasury stock method.

Foreign Currency Translation — The Company's foreign subsidiary in China, East West Bank (China) Limited's functional currency is in Chinese Renminbi ("RMB"). As a result, assets and liabilities of East West Bank (China) Limited are translated, for the consolidation purpose, from its functional currency into the reporting currency U.S. dollar ("USD") using period-end spot foreign exchange rates. Revenues and expenses of East West Bank (China) Limited are translated, for the purpose of consolidation, from its functional currency into USD at the transaction date foreign exchange rates. The effects of those translation adjustments are reported in the *Foreign currency translation adjustments* account within *Other comprehensive income (loss)* on the Consolidated Statement of Comprehensive Income, net of any related hedged effects. For transactions that are denominated in a currency other than the functional currency, including transactions denominated in the local currencies of foreign operations that use the USD as their functional currency, the effects of changes in exchange rates are reported in *Foreign exchange income* on the Consolidated Statement of Income.

Accounting Pronouncements Adopted in 2023

Standard	Required Date of Adoption	Description	Effect on Financial Statements
ASU 2022-02, *Financial Instruments — Credit Losses* (Topic 326): *Troubled Debt Restructurings and the Vintage Disclosures*	Effective for fiscal years beginning after December 15, 2022.	ASU 2022-02 eliminates the • accounting guidance for TDR, and requires the Company to apply the loan refinancing and restructuring guidance to determine whether a modification made to a loan results in a new loan or a continuation of an existing loan; and • requirement to use a discounted cash flow method to measure receivables. The guidance also requires • enhanced disclosures for certain loan refinancing and restructurings by creditors when the borrower is experiencing financial difficulty; and • vintage disclosures of current period gross charge-offs (on a current year-to-date basis) by year of loan origination for financing receivables and net investments in leases within the scope of ASC 326-20: *Financial Instruments — Credit Losses — Measured at Amortized Cost*.	The Company adopted ASU 2022-02 on January 1, 2023 on a prospective basis, except for the guidance related to the elimination of TDR recognition and measurement, which was adopted on a modified retrospective approach. This adoption increased the allowance for loan losses on TDRs as of December 31, 2022 by $6 million and decreased opening retained earnings on January 1, 2023 by $4 million after-tax.

The following standards were adopted on January 1, 2023, but they did not have a material impact on the Company's Consolidated Financial Statements:

- ASU 2021-08, *Business Combinations* (Topic 805)*: Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*
- ASU 2022-01, *Derivatives and Hedging* (Topic 815)*: Fair Value Hedging — Portfolio Layer Method*
- ASU 2022-04, Liabilities — *Supplier Finance Program* (Subtopic 405-50)*: Disclosures of Supplier Finance Program Obligations*

Accounting Pronouncements Adopted in 2024

Standard	Required Date of Adoption	Description	Effect on Financial Statements
ASU 2023-02, *Investments — Equity Method and Joint Ventures* (Topic 323): *Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method*	January 1, 2024	ASU 2023-02 expands the scope of the proportional amortization method to equity tax credit investment programs if certain conditions are met. Previously, the proportional amortization method could only be used for investments in low-income housing tax credit structures. Under this guidance, companies are able to elect, on a tax credit program-by-tax credit program basis, to apply the proportional amortization method to all equity investments meeting the criteria in ASC 323-740-25-1. The amendments in this guidance must be applied on a modified retrospective or a retrospective basis.	The Company adopted ASU 2023-02 on January 1, 2024, for all tax credit investments under a modified retrospective basis. The impact of the adoption decreased opening retained earnings on January 1, 2024 by $10 million.

The following standards were adopted on January 1, 2024, but they did not have a material impact on the Company's Consolidated Financial Statements:

- ASU 2023-01, *Leases* (Topic 842): *Common Control Arrangements*
- ASU 2022-03, *Fair Value Measurement* (Topic 820) *Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*

Recent Accounting Pronouncements Yet to be Adopted

Standard	Required Date of Adoption	Description	Effect on Financial Statements
ASU No. 2023-07, *Segment Reporting* (Topic 280)*: Improvements to Reportable Segment Disclosures*	December 31, 2024. Early adoption is permitted	ASU 2023-07 expands the disclosure requirements for reportable segments of public entities by adding the following disclosure requirements: • Requires, on an annual and interim basis, significant segment expenses that are regularly provided to the chief operating decision maker (“CODM”) and included within each reported measure of segment profit or loss. • Requires , on an annual and interim basis, amount and composition of other segment items. This amount reconciles segment revenues, less the significant segment expenses, to the reported measure of segment profit or loss. • Expands the current interim disclosure requirements to require all existing annual disclosures about a reportable segment’s profit or loss and assets also be made on an interim basis. • Clarifies that if a CODM uses more than one measure of segment profit or loss, then the entity may disclose one or more measures, but at least one measure should be that which is most consistent with GAAP measurement principles. • Requires annual disclosure of the title and position of the CODM as well as explanation of how the CODM uses the reported measures in assessing segment performance and allocating resources.	The Company is currently evaluating the impact of this guidance on the Company’s Consolidated Financial Statements.
ASU No. 2023-09, *Income Taxes* (Topic 740)*: Improvements to Income Tax Disclosures*	December 31, 2025 Early adoption is permitted.	ASU 2023-09 amends the disclosure requirements for income taxes, including the requirement for further disaggregation of the income tax rate reconciliation and income taxes paid disclosures. The amendments in this guidance must be applied prospectively, with the option to apply retrospectively.	The Company is currently evaluating the impact of this guidance on the Company’s Consolidated Financial Statements.

The following standard will be adopted on January 1, 2025 and is not expected to have a material impact on the Company’s Consolidated Financial Statements:

- ASU 2023-05, *Business Combinations — Joint Venture Formations* (Subtopic 805-60): *Recognition and Initial Measurement*

Note 2 — Fair Value Measurement and Fair Value of Financial Instruments

Under applicable accounting standards, the Company measures a portion of its assets and liabilities at fair value. These assets and liabilities are predominantly recorded at fair value on a recurring basis. From time to time, certain assets and liabilities are measured at fair value on a nonrecurring basis; that is, they are subject to fair value adjustments only as required through the application of an accounting method such as lower of cost or fair value or write-down of individual assets. The Company categorizes its assets and liabilities into three levels based on the established fair value hierarchy and conducts a review of fair value hierarchy classifications on a quarterly basis. For more information regarding the fair value hierarchy and how the Company measures fair value, see *Note 1 — Summary of Significant Accounting Policies — Significant Accounting Policies — Fair Value* to the Consolidated Financial Statements in this Form 10-K.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following section describes the valuation methodologies used by the Company to measure financial assets and liabilities on a recurring basis, as well as the general classification of these instruments within the fair value hierarchy.

Available-for-Sale Debt Securities — The fair value of AFS debt securities is generally determined by independent external pricing service providers who have experience in valuing these securities or by taking the average quoted market prices obtained from independent external brokers. The valuations provided by the third-party pricing service providers are based on observable market inputs, which include benchmark yields, reported trades, issuer spreads, benchmark securities, bids, offers, prepayment expectations and reference data obtained from market research publications. Inputs used by the third-party pricing service providers in valuing collateralized mortgage obligations and other securitization structures also include newly issued data, monthly payment information, whole loan collateral performance, tranche evaluation and "To Be Announced" prices. In valuing securities issued by state and political subdivisions, inputs used by third-party pricing service providers also include material event notices. The valuations provided by the brokers incorporate information from their trading desks, research and other market data.

On a monthly basis, the Company validates the valuations provided by third-party pricing service providers to ensure that the fair value determination is consistent with the applicable accounting guidance and the financial instruments are properly classified in the fair value hierarchy. To perform this validation, the Company evaluates the fair values of securities by comparing the fair values provided by the third-party pricing service providers to prices from other available independent sources for the same securities. When significant variances in prices are identified, the Company further compares inputs used by different sources to ascertain the reliability of these sources. On a quarterly basis, the Company reviews the valuation inputs and methodology furnished by third-party pricing service providers for each security category. On an annual basis, the Company assesses the reasonableness of broker pricing by reviewing the related pricing methodologies. This review includes corroborating pricing with market data, performing pricing input reviews under current market-related conditions, and investigating security pricing by instrument as needed.

When a quoted price in an active market exists for the identical security, this price is used to determine the fair value and the AFS debt security is classified as Level 1. Level 1 AFS debt securities consist of U.S. Treasury securities. When pricing is unavailable from third-party pricing service providers for certain securities, the Company requests market quotes from various independent external brokers and utilizes the average quoted market prices. In addition, the Company obtains market quotes from other official published sources. As these valuations are based on observable inputs in the current marketplace, they are classified as Level 2.

Equity Securities — Equity securities consisted of mutual funds as of both December 31, 2023 and 2022. The Company invested in these mutual funds for Community Reinvestment Act ("CRA") purposes. The Company uses net asset value ("NAV") information to determine the fair value of these equity securities. When NAV is available periodically and the equity securities can be put back to the transfer agents at the publicly available NAV, the fair value of the equity securities is classified as Level 1. When NAV is available periodically, but the equity securities may not be readily marketable at its periodic NAV in the secondary market, the fair value of these equity securities is classified as Level 2.

Interest Rate Contracts — Interest rate contracts consist of interest rate swaps and options. The fair value of the interest rate swaps is determined using the market standard methodology of netting the discounted future fixed cash payments (or receipts) and the discounted expected variable cash receipts (or payments). The fair value of the interest rate options, which consist of floors and caps, is determined using the market standard methodology of discounting the future expected cash receipts that would occur if variable interest rates fall below (rise above) the strike rate of the floors (caps). In addition, to comply with the provisions of ASC 820, *Fair Value Measurement*, the Company incorporates credit valuation adjustments to appropriately reflect both its own and the respective counterparty's nonperformance risk in the fair value measurements of its derivatives. The credit valuation adjustments associated with the Company's derivatives utilize model-derived credit spreads, which are Level 3 inputs. Considering the observable nature of all other significant inputs utilized, the Company classifies these derivative instruments as Level 2.

Foreign Exchange Contracts — The fair value of foreign exchange contracts is determined at each reporting period based on changes in the foreign exchange rates. These are over-the-counter contracts where quoted market prices are not readily available. Valuation is measured using conventional valuation methodologies with observable market data. Due to the short-term nature of the majority of these contracts, the counterparties' credit risks are considered nominal and result in no adjustments to the valuation of the foreign exchange contracts. Due to the observable nature of the inputs used in deriving the fair value of these contracts, the valuation of foreign exchange contracts is classified as Level 2. As of both December 31, 2023 and 2022, the Bank held foreign currency non-deliverable forward contracts to hedge its net investment in its China subsidiary, East West Bank (China) Limited, a non-USD functional currency subsidiary. These foreign currency non-deliverable forward contracts were designated as net investment hedges. The fair value of foreign currency non-deliverable forward contracts is determined by comparing the contracted foreign exchange rate to the current market foreign exchange rate. Key inputs of the current market exchange rate include the spot and forward rates of the contractual currencies. Foreign exchange forward curves are used to determine which forward rate pertains to a specific maturity. Due to the observable nature of the inputs used in deriving the estimated fair value, these instruments are classified as Level 2.

Credit Contracts — Credit contracts utilized by the Company are comprised of credit risk participation agreements ("RPAs") entered into by the Company with institutional counterparties. The fair value of the RPAs is calculated by determining the total expected asset or liability exposure of the derivatives to the borrowers and applying the borrowers' credit spread to that exposure. Total expected exposure incorporates both the current and potential future exposure of the derivatives, derived from using observable inputs, such as yield curves and volatilities. Due to the observable nature of all other significant inputs used in deriving the estimated fair value, credit contracts are classified as Level 2.

Equity Contracts — Equity contracts consist of warrants to purchase common or preferred stock of public and private companies, and any liability-classified contingent issuable shares of the Company. The fair value of the warrants is based on the Black-Scholes option pricing model. For warrants from public companies, the model uses the underlying stock price, stated strike price, warrant expiration date, risk-free interest rate based on a duration-matched U.S. Treasury rate, and market-observable company-specific equity volatility as inputs to value the warrants. Due to the observable nature of the inputs used in deriving the estimated fair value, warrants from public companies are classified as Level 2. For warrants from private companies, the model uses inputs such as the offering price observed in the most recent round of funding, stated strike price, warrant expiration date, risk-free interest rate based on duration-matched U.S. Treasury rate and equity volatility. The Company applies proxy volatilities based on the industry sectors of the private companies. The model values are then adjusted for a general lack of liquidity due to the private nature of the underlying companies. Since both equity volatility and liquidity discount assumptions are subject to management's judgment, measurement uncertainty is inherent in the valuation of private company warrants. Due to the unobservable nature of the equity volatility and liquidity discount assumptions used in deriving the estimated fair value, warrants from private companies are classified as Level 3. On a quarterly basis, the changes in the fair value of warrants from private companies are reviewed for reasonableness, and a measurement of uncertainty analysis on the equity volatility and liquidity discount assumptions is performed.

In connection with the Company's acquisition of a 49.99% equity interest in Rayliant during the third quarter of 2023, the Company granted performance-based RSUs as part of its consideration. The vesting of these equity contracts is contingent on Rayliant meeting certain financial performance targets, and they are accounted for as a derivative liability. The fair value of these liability-classified equity contracts varies based on the operating revenue and operating EBITDA of Rayliant to be achieved during the future performance period. Due to the unobservable nature of the input assumptions, these equity contracts are classified as Level 3. For additional information on the equity contracts, refer to *Note 5 — Derivatives* and *Note 7 — Investments in Qualified Affordable Housing Partnerships, Tax Credit and Other Investments, Net and Variable Interest Entities* to the Consolidated Financial Statements in this Form 10-K.

Commodity Contracts — Commodity contracts consist of swaps and options referencing commodity products. The fair value of the commodity option contracts is determined using the Black-Scholes model and assumptions that include expectations of future commodity price and volatility. The future commodity contract price is derived from observable inputs such as the market price of the commodity. Commodity swaps are structured as an exchange of fixed cash flows for floating cash flows. The fair value of the commodity swaps is determined using the market standard methodology of netting the discounted future fixed cash payments (or receipts) and the discounted expected variable cash receipts (or payments) based on the market prices of the commodity. The fixed cash flows are predetermined based on the known volumes and fixed price as specified in the swap agreement. The floating cash flows are correlated with the change of forward commodity prices, which is derived from market corroborated futures settlement prices. As a result, the Company classifies these derivative instruments as Level 2 due to the observable nature of the significant inputs utilized.

The following tables present financial assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2023 and 2022:

	Assets and Liabilities Measured at Fair Value on a Recurring Basis as of December 31, 2023			
($ in thousands)	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
AFS debt securities:				
U.S. Treasury securities	$ 1,060,375	$ —	$ —	$ 1,060,375
U.S. government agency and U.S. government sponsored enterprise debt securities	—	364,446	—	364,446
U.S. government agency and U.S. government sponsored enterprise mortgage-backed securities:				
Commercial mortgage-backed securities	—	468,259	—	468,259
Residential mortgage-backed securities	—	1,727,594	—	1,727,594
Municipal securities	—	261,016	—	261,016
Non-agency mortgage-backed securities:				
Commercial mortgage-backed securities	—	367,516	—	367,516
Residential mortgage-backed securities	—	553,671	—	553,671
Corporate debt securities	—	502,425	—	502,425
Foreign government bonds	—	227,874	—	227,874
Asset-backed securities	—	42,300	—	42,300
Collateralized loan obligations (“CLOs”)	—	612,861	—	612,861
Total AFS debt securities	**$ 1,060,375**	**$ 5,127,962**	**$ —**	**$ 6,188,337**
Investments in qualified affordable housing partnerships, tax credit and other investments, net:				
Equity securities	$ 20,509	$ 4,150	$ —	$ 24,659
Total investments in qualified affordable housing partnerships, tax credit and other investments, net	**$ 20,509**	**$ 4,150**	**$ —**	**$ 24,659**
Derivative assets:				
Interest rate contracts	$ —	$ 473,907	$ —	$ 473,907
Foreign exchange contracts	—	57,072	—	57,072
Credit contracts	—	1	—	1
Equity contracts	—	—	336	336
Commodity contracts	—	79,604	—	79,604
Gross derivative assets	**$ —**	**$ 610,584**	**$ 336**	**$ 610,920**
Netting adjustments [1]	$ —	$ (312,792)	$ —	$ (312,792)
Net derivative assets	**$ —**	**$ 297,792**	**$ 336**	**$ 298,128**
Derivative liabilities:				
Interest rate contracts	$ —	$ 433,936	$ —	$ 433,936
Foreign exchange contracts	—	42,564	—	42,564
Equity contracts [2]	—	—	15,119	15,119
Credit contracts	—	25	—	25
Commodity contracts	—	121,670	—	121,670
Gross derivative liabilities	**$ —**	**$ 598,195**	**$ 15,119**	**$ 613,314**
Netting adjustments [1]	$ —	$ (76,170)	$ —	$ (76,170)
Net derivative liabilities	**$ —**	**$ 522,025**	**$ 15,119**	**$ 537,144**

($ in thousands)	Assets and Liabilities Measured at Fair Value on a Recurring Basis as of December 31, 2022 Level 1	Level 2	Level 3	Total Fair Value
AFS debt securities:				
U.S. Treasury securities	$ 606,203	$ —	$ —	$ 606,203
U.S. government agency and U.S. government sponsored enterprise debt securities	—	461,607	—	461,607
U.S. government agency and U.S. government sponsored enterprise mortgage-backed securities:				
Commercial mortgage-backed securities	—	500,269	—	500,269
Residential mortgage-backed securities	—	1,762,195	—	1,762,195
Municipal securities	—	257,099	—	257,099
Non-agency mortgage-backed securities:				
Commercial mortgage-backed securities	—	398,329	—	398,329
Residential mortgage-backed securities	—	649,224	—	649,224
Corporate debt securities	—	526,274	—	526,274
Foreign government bonds	—	227,053	—	227,053
Asset-backed securities	—	49,076	—	49,076
CLOs	—	597,664	—	597,664
Total AFS debt securities	**$ 606,203**	**$ 5,428,790**	**$ —**	**$ 6,034,993**
Investments in qualified affordable housing partnerships, tax credit and other investments, net:				
Equity securities	$ 19,777	$ 4,177	$ —	$ 23,954
Total investments in qualified affordable housing partnerships, tax credit and other investments, net	**$ 19,777**	**$ 4,177**	**$ —**	**$ 23,954**
Derivative assets:				
Interest rate contracts	$ —	$ 440,283	$ —	$ 440,283
Foreign exchange contracts	—	53,109	—	53,109
Equity contracts	—	—	323	323
Commodity contracts	—	261,613	—	261,613
Gross derivative assets	**$ —**	**$ 755,005**	**$ 323**	**$ 755,328**
Netting adjustments (1)	$ —	$ (614,783)	$ —	$ (614,783)
Net derivative assets	**$ —**	**$ 140,222**	**$ 323**	**$ 140,545**
Derivative liabilities:				
Interest rate contracts	$ —	$ 584,516	$ —	$ 584,516
Foreign exchange contracts	—	44,117	—	44,117
Credit contracts	—	23	—	23
Commodity contracts	—	258,608	—	258,608
Gross derivative liabilities	**$ —**	**$ 887,264**	**$ —**	**$ 887,264**
Netting adjustments (1)	$ —	$ (242,745)	$ —	$ (242,745)
Net derivative liabilities	**$ —**	**$ 644,519**	**$ —**	**$ 644,519**

(1) Represents balance sheet netting of derivative assets and liabilities and related cash collateral under master netting agreements or similar agreements. See *Note 5 — Derivatives* to the Consolidated Financial Statements in this Form 10-K for additional information.

(2) Equity contracts classified as derivative liabilities consist of performance-based RSUs granted as part of EWBC's consideration in its investment in Rayliant.

For the years ended December 31, 2023, 2022 and 2021, Level 3 fair value measurements that were measured on a recurring basis consisted of warrant equity contracts issued by private companies and liability-classified contingent issuable shares of the Company. The following table provides a reconciliation of the beginning and ending balances of these equity contracts for the years ended December 31, 2023, 2022 and 2021:

	Year Ended December 31,		
($ in thousands)	**2023**	**2022**	**2021**
Derivative assets:			
Equity contracts			
Beginning balance	$ 323	$ 215	$ 273
Total (losses) gains included in earnings [1]	(79)	17	32
Issuances	92	91	12
Settlements	—	—	(96)
Transfers out of Level 3 [2]	—	—	(6)
Ending balance	**$ 336**	**$ 323**	**$ 215**
Derivative liabilities:			
Equity contracts [3]			
Beginning balance	$ —	$ —	$ —
Issuances	15,119	—	—
Ending balance	**$ 15,119**	**$ —**	**$ —**

(1) Includes both realized and unrealized (losses) gains recorded in *Lending fees* on the Consolidated Statement of Income. The unrealized (losses) gains were $(79) thousand, $17 thousand, and $(44) thousand for the years ended December 31, 2023, 2022 and 2021, respectively.
(2) During the year ending December 31, 2021, the Company transferred $6 thousand of equity contracts measured on a recurring basis out of Level 3 to Level 2 after the corresponding issuer of the equity warrant, which was previously a private company, completed its initial public offering and became a public company.
(3) Equity contracts classified as derivative liabilities consist of performance-based RSUs granted as part of EWBC's consideration in its investment in Rayliant.

The following table presents quantitative information about the significant unobservable inputs used in the valuation of Level 3 fair value measurements as of December 31, 2023 and 2022. The significant unobservable inputs presented in the table below are those that the Company considers significant to the fair value of the Level 3 assets. The Company considers unobservable inputs to be significant if, by their exclusion, the fair value of the Level 3 assets would be impacted by a predetermined percentage change.

($ in thousands)	**Fair Value Measurements (Level 3)**	**Valuation Technique**	**Unobservable Inputs**	**Range of Inputs**	**Weighted- Average of Inputs**
December 31, 2023					
Derivative assets:					
Equity contracts	$ 336	Black-Scholes option pricing model	Equity volatility	37% — 48%	45% [1]
			Liquidity discount	47%	47%
Derivative liabilities:					
Equity contracts [2]	$ 15,119	Internal model	Payout % designated based on operating revenue and operating EBITDA of investee	84%	84%
December 31, 2022					
Derivative assets:					
Equity contracts	$ 323	Black-Scholes option pricing model	Equity volatility	42% — 60%	54% [1]
			Liquidity discount	47%	47%

(1) Weighted-average of inputs is calculated based on the fair value of equity contracts as of December 31, 2023 and 2022.
(2) Equity contracts classified as derivative liabilities consist of performance-based RSUs granted as part of EWBC's consideration in its investment in Rayliant.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Assets measured at fair value on a nonrecurring basis include certain individually evaluated loans held-for-investment, investments in qualified affordable housing partnerships, tax credit and other investments, OREO, loans held-for-sale, and other nonperforming assets. Nonrecurring fair value adjustments result from the impairment on certain individually evaluated loans held-for-investment and investments in qualified affordable housing partnerships, tax credit and other investments, from write-downs of OREO and other nonperforming assets, or from the application of lower of cost or fair value on loans held-for-sale.

Individually Evaluated Loans Held-for-Investment — Individually evaluated loans held-for-investment are classified as Level 3 assets. The following two methods are used to derive the fair value of individually evaluated loans held-for-investment:

- Discounted cash flow valuation techniques that consist of developing an expected stream of cash flows over the life of the loans, and then calculating the present value of the loans by discounting the expected cash flows at a designated discount rate.
- When the repayment of an individually evaluated loan is dependent on the sale of the collateral, the fair value of the loan is determined based on the fair value of the underlying collateral, which may take the form of real estate, inventory, equipment, contracts or guarantees. The fair value of the underlying collateral is generally based on third-party appraisals, or an internal valuation if a third-party appraisal is not required by regulations, or is unavailable. An internal valuation utilizes one or more valuation techniques such as the income, market and/or cost approaches.

Investments in Qualified Affordable Housing Partnerships, Tax Credit and Other Investments, Net — The Company conducts due diligence on its investments in qualified affordable housing partnerships, tax credit and other investments prior to the initial investment date and through the placed-in-service date. After these investments are either acquired or placed into service, the Company continues its periodic monitoring process to ensure book values are realizable and that there is no significant tax credit recapture risk. This monitoring process includes reviewing the investment entity's quarterly financial statements and annual tax returns, the annual financial statements of the guarantor (if any) and a comparison of the actual performance of the investment against the financial projections prepared at the time the investment was made. The Company assesses its tax credit and other investments for possible OTTI on an annual basis or when events or circumstances suggest that the carrying amount of the investments may not be realizable. These circumstances can include, but are not limited to the following factors:

- expected future cash flows that are less than the carrying amount of the investment;
- changes in the economic, market or technological environment that could adversely affect the investee's operations;
- the potential for tax credit recapture; and
- other factors that raise doubt about the investee's ability to continue as a going concern, such as negative cash flows from operations and the continuing prospects of the underlying operations of the investment.

All available information is considered in assessing whether a decline in value is other-than-temporary. Generally, none of the aforementioned factors are individually conclusive and the relative importance placed on individual facts may vary depending on the situation. In accordance with ASC 323-10-35-32, *Investments — Equity Method and Joint Ventures,* an impairment charge would only be recognized in earnings for a decline in value that is determined to be other-than-temporary.

Other Real Estate Owned — The Company's OREO represents properties acquired through foreclosure, or through full or partial satisfaction of loans held-for-investment. These OREO properties are recorded at estimated fair value less the costs to sell at the time of foreclosure or at the lower of cost or estimated fair value less the costs to sell subsequent to acquisition. On a monthly basis, the current fair market value of each OREO property is reviewed to ensure that the current carrying value is appropriate. OREO properties are classified as Level 3.

Loans Held-for-Sale — Loans held-for-investment subsequently transferred to held-for-sale are recorded at the lower of cost or fair value upon transfer. Loans held-for-sale may be measured at fair value on a nonrecurring basis when fair value is less than cost. Fair value is generally determined based on available market data for similar loans and therefore, loans held-for-sale are classified as Level 2.

Other Nonperforming Assets — Other nonperforming assets are recorded at fair value upon transfer from loans to foreclosed assets. Subsequently, foreclosed assets are recorded at the lower of carrying value or fair value. Fair value is based on independent market prices, appraised values of the collateral or management's estimated recovery of the foreclosed asset. The Company records an impairment when the foreclosed asset's fair value declines below its carrying value. The fair value measurement of other nonperforming assets is classified within one of the three levels in a valuation hierarchy based upon the observability of inputs to the valuation as of the measurement date.

The following tables present the carrying amounts of assets that were still held and had fair value adjustments measured on a nonrecurring basis as of December 31, 2023 and 2022:

	Assets Measured at Fair Value on a Nonrecurring Basis as of December 31, 2023			
($ in thousands)	**Level 1**	**Level 2**	**Level 3**	**Fair Value Measurements**
Loans held-for-investment:				
Commercial:				
C&I	$ —	$ —	$ 22,035	$ 22,035
CRE:				
CRE	—	—	22,653	22,653
Total commercial	**—**	**—**	**44,688**	**44,688**
Consumer:				
Residential mortgage:				
HELOCs	—	—	1,204	1,204
Total consumer	**—**	**—**	**1,204**	**1,204**
Total loans held-for-investment	**$ —**	**$ —**	**$ 45,892**	**$ 45,892**
Investments in qualified affordable housing partnerships, tax credit and other investments, net	**$ —**	**$ —**	**$ 868**	**$ 868**

	Assets Measured at Fair Value on a Nonrecurring Basis as of December 31, 2022			
($ in thousands)	**Level 1**	**Level 2**	**Level 3**	**Fair Value Measurements**
Loans held-for-investment:				
Commercial:				
C&I	$ —	$ —	$ 40,011	$ 40,011
CRE:				
CRE	—	—	31,380	31,380
Total commercial	**—**	**—**	**71,391**	**71,391**
Consumer:				
Residential mortgage:				
HELOCs	—	—	1,223	1,223
Total consumer	**—**	**—**	**1,223**	**1,223**
Total loans held-for-investment	**$ —**	**$ —**	**$ 72,614**	**$ 72,614**

The following table presents the increase (decrease) in the fair value of certain assets held at the end of the respective reporting periods, for which a nonrecurring fair value adjustment was recognized for the years ended December 31, 2023, 2022 and 2021:

	Year Ended December 31,		
($ in thousands)	**2023**	**2022**	**2021**
Loans held-for-investment:			
Commercial:			
C&I	$ (6,152)	$ (25,996)	$ (9,580)
CRE:			
CRE	(1,183)	(7,098)	(10,231)
Total commercial	**(7,335)**	**(33,094)**	**(19,811)**
Consumer:			
Residential mortgage:			
HELOCs	(40)	166	(4)
Total consumer	**$ (40)**	**$ 166**	**$ (4)**
Total loans held-for-investment	**$ (7,375)**	**$ (32,928)**	**$ (19,815)**
Investments in qualified affordable housing partnerships, tax credit and other investments, net	**$ (1,140)**	**$ 469**	**$ 877**
Other nonperforming assets	**$ —**	**$ (6,861)**	**$ (4,241)**

The following table presents the quantitative information about the significant unobservable inputs used in the valuation of Level 3 fair value measurements that are measured on a nonrecurring basis as of December 31, 2023 and 2022:

($ in thousands)	**Fair Value Measurements (Level 3)**	**Valuation Techniques**	**Unobservable Inputs**	**Range of Inputs**	**Weighted-Average of Inputs**
December 31, 2023					
Loans held-for-investment	$ 16,328	Fair value of collateral	Discount	15% — 75%	45% (1)
	$ 3,009	Fair value of collateral	Contract value	NM	NM
	$ 26,555	Fair value of property	Selling cost	8%	8%
Investments in qualified affordable housing partnerships, tax credit and other investments, net	$ 868	Individual analysis of each investment	Expected future tax benefits and distributions	NM	NM
December 31, 2022					
Loans held-for-investment	$ 23,322	Discounted cash flows	Discount	4% — 6%	4% (1)
	$ 17,912	Fair value of collateral	Discount	15% — 75%	37% (1)
	$ 31,380	Fair value of property	Selling cost	8%	8%

NM - Not meaningful

(1) Weighted-average of inputs is based on the relative fair value of the respective assets as of December 31, 2023 and 2022.

Disclosures about the Fair Value of Financial Instruments

The following tables present the fair value estimates for financial instruments as of December 31, 2023 and 2022, excluding financial instruments recorded at fair value on a recurring basis as they are included in the tables presented elsewhere in this Note. The carrying amounts in the following tables are recorded on the Consolidated Balance Sheet under the indicated captions, except for accrued interest receivable, restricted equity securities, at cost, and mortgage servicing rights that are included in *Other assets*, and accrued interest payable which is included in *Accrued expenses and other liabilities*. These financial instruments are measured on an amortized cost basis on the Company's Consolidated Balance Sheet.

	December 31, 2023				
($ in thousands)	**Carrying Amount**	**Level 1**	**Level 2**	**Level 3**	**Estimated Fair Value**
Financial assets:					
Cash and cash equivalents	$ 4,614,984	$ 4,614,984	$ —	$ —	$ 4,614,984
Interest-bearing deposits with banks	$ 10,498	$ —	$ 10,498	$ —	$ 10,498
Resale agreements	$ 785,000	$ —	$ 699,056	$ —	$ 699,056
HTM debt securities	$ 2,956,040	$ 488,551	$ 1,965,420	$ —	$ 2,453,971
Restricted equity securities, at cost	$ 79,811	$ —	$ 79,811	$ —	$ 79,811
Loans held-for-sale	$ 116	$ —	$ 116	$ —	$ 116
Loans held-for-investment, net	$ 51,542,039	$ —	$ —	$ 50,256,565	$ 50,256,565
Mortgage servicing rights	$ 6,602	$ —	$ —	$ 9,470	$ 9,470
Accrued interest receivable	$ 331,490	$ —	$ 331,490	$ —	$ 331,490
Financial liabilities:					
Demand, checking, savings and money market deposits	$ 38,048,974	$ —	$ 38,048,974	$ —	$ 38,048,974
Time deposits	$ 18,043,464	$ —	$ 18,004,951	$ —	$ 18,004,951
Short-term borrowings	$ 4,500,000	$ —	$ 4,500,000	$ —	$ 4,500,000
Long-term debt	$ 148,249	$ —	$ 150,896	$ —	$ 150,896
Accrued interest payable	$ 205,430	$ —	$ 205,430	$ —	$ 205,430

	December 31, 2022				
($ in thousands)	**Carrying Amount**	**Level 1**	**Level 2**	**Level 3**	**Estimated Fair Value**
Financial assets:					
Cash and cash equivalents	$ 3,481,784	$ 3,481,784	$ —	$ —	$ 3,481,784
Interest-bearing deposits with banks	$ 139,021	$ —	$ 139,021	$ —	$ 139,021
Resale agreements	$ 792,192	$ —	$ 693,656	$ —	$ 693,656
HTM debt securities	$ 3,001,868	$ 471,469	$ 1,983,702	$ —	$ 2,455,171
Restricted equity securities, at cost	$ 78,624	$ —	$ 78,624	$ —	$ 78,624
Loans held-for-sale	$ 25,644	$ —	$ 25,644	$ —	$ 25,644
Loans held-for-investment, net	$ 47,606,785	$ —	$ —	$ 46,670,690	$ 46,670,690
Mortgage servicing rights	$ 6,235	$ —	$ —	$ 10,917	$ 10,917
Accrued interest receivable	$ 263,430	$ —	$ 263,430	$ —	$ 263,430
Financial liabilities:					
Demand, checking, savings and money market deposits	$ 42,637,316	$ —	$ 42,637,316	$ —	$ 42,637,316
Time deposits	$ 13,330,533	$ —	$ 13,228,777	$ —	$ 13,228,777
Repurchase agreements	$ 300,000	$ —	$ 304,097	$ —	$ 304,097
Long-term debt	$ 147,950	$ —	$ 143,483	$ —	$ 143,483
Accrued interest payable	$ 37,198	$ —	$ 37,198	$ —	$ 37,198

Note 3 — Assets Purchased under Resale Agreements and Sold under Repurchase Agreements

Assets Purchased under Resale Agreements

The Company's resale agreements exposes it to credit risk for both the counterparties and the underlying collateral. The Company manages credit exposure from certain transactions by entering into master netting agreements and collateral arrangements with the counterparties. The relevant agreements allow for an efficient closeout of the transaction, liquidation and set-off of collateral against the net amount owed by the counterparty following a default. It is also the Company's policy to take possession, where possible, of the assets underlying resale agreements. As a result of the Company's credit risk mitigation practices with respect to resale agreements as described above, the Company did not hold any reserves for credit impairment with respect to these agreements as of both December 31, 2023 and 2022.

Securities Purchased under Resale Agreements — Total securities purchased under resale agreements were $785 million and $760 million as of December 31, 2023 and 2022, respectively. The weighted-average yields were 2.87%, 2.12% and 1.53% for the years ended December 31, 2023, 2022 and 2021, respectively.

Loans Purchased under Resale Agreements — Loans purchased under resale agreements were $32 million as of December 31, 2022. The Company had no loans purchased under resale agreements as of December 31, 2023 due to the maturity of the underlying loans. The weighted-average yields were 2.16% and 1.53% for the years ended December 31, 2022 and 2021, respectively.

Assets Sold under Repurchase Agreements — Gross repurchase agreements were $300 million as of December 31, 2022. The Company extinguished $300 million of repurchase agreements during the first quarter of 2023 and recorded $4 million of extinguishment charges during 2023. In comparison, no extinguishment charges were recorded for the years ended December 31, 2022 and 2021. The weighted-average interest rates were 3.07% and 2.61% for the years ended December 31, 2022 and 2021, respectively These weighted-average interest rates also reflect the impact of short-term repurchase agreements entered and repaid during the years presented.

Balance Sheet Offsetting

The Company's resale and repurchase agreements are transacted under legally enforceable master netting agreements that, in the event of default by the counterparty, provide the Company the right to liquidate securities held and to offset receivables and payables with the same counterparty. The Company nets resale and repurchase transactions with the same counterparty on the Consolidated Balance Sheet when it has a legally enforceable master netting agreement and the transactions are eligible for netting under ASC 210-20-45-11, *Balance Sheet Offsetting: Repurchase and Reverse Repurchase Agreements*. Collateral received includes securities and loans that are not recognized on the Consolidated Balance Sheet. Collateral pledged consists of securities that are not netted on the Consolidated Balance Sheet against the related collateralized liability. Securities received or pledged as collateral in resale and repurchase agreements with other financial institutions may also be sold or re-pledged by the secured party, and are usually delivered to and held by the third-party trustees.

The following tables present the resale and repurchase agreements included on the Consolidated Balance Sheet as of December 31, 2023 and 2022:

($ in thousands)	December 31, 2023				
Assets	**Gross Amounts of Recognized Assets**	**Gross Amounts Offset on the Consolidated Balance Sheet**	**Net Amounts of Assets Presented on the Consolidated Balance Sheet**	**Gross Amounts Not Offset on the Consolidated Balance Sheet** **Collateral Received**	**Net Amount**
Resale agreements	$ 785,000	$ —	$ 785,000	$ (715,358) [1]	$ 69,642
Liabilities	**Gross Amounts of Recognized Liabilities**	**Gross Amounts Offset on the Consolidated Balance Sheet**	**Net Amounts of Liabilities Presented on the Consolidated Balance Sheet**	**Gross Amounts Not Offset on the Consolidated Balance Sheet** **Collateral Pledged**	**Net Amount**
Repurchase agreements	$ —	$ —	$ —	$ —	$ —

($ in thousands)	December 31, 2022				
				Gross Amounts Not Offset on the Consolidated Balance Sheet	
Assets	**Gross Amounts of Recognized Assets**	**Gross Amounts Offset on the Consolidated Balance Sheet**	**Net Amounts of Assets Presented on the Consolidated Balance Sheet**	**Collateral Received**	**Net Amount**
Resale agreements	$ 792,192	$ —	$ 792,192	$ (701,790) (1)	$ 90,402

				Gross Amounts Not Offset on the Consolidated Balance Sheet	
Liabilities	**Gross Amounts of Recognized Liabilities**	**Gross Amounts Offset on the Consolidated Balance Sheet**	**Net Amounts of Liabilities Presented on the Consolidated Balance Sheet**	**Collateral Pledged**	**Net Amount**
Repurchase agreements	$ 300,000	$ —	$ 300,000	$ (300,000) (2)	$ —

(1) Represents the fair value of assets the Company has received under resale agreements, limited for table presentation purposes to the amount of the recognized asset due from each counterparty. The application of collateral cannot reduce the net position below zero. Therefore, excess collateral, if any, is not reflected above.

(2) Represents the fair value of assets the Company has pledged under repurchase agreements, limited for table presentation purposes to the amount of the recognized liability due to each counterparty. The application of collateral cannot reduce the net position below zero. Therefore, excess collateral, if any, is not reflected above.

In addition to the amounts included in the tables above, the Company also has balance sheet netting related to derivatives. Refer to *Note 5 — Derivatives* to the Consolidated Financial Statements in this Form 10-K for additional information.

Note 4 — Securities

The following tables present the amortized cost, gross unrealized gains and losses, and fair value by major categories of AFS and HTM debt securities as of December 31, 2023 and 2022:

	December 31, 2023			
($ in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
AFS debt securities:				
U.S. Treasury securities	$ 1,112,587	$ 101	$ (52,313)	$ 1,060,375
U.S. government agency and U.S. government-sponsored enterprise debt securities	412,086	—	(47,640)	364,446
U.S. government agency and U.S. government-sponsored enterprise mortgage-backed securities:				
Commercial mortgage-backed securities	531,377	158	(63,276)	468,259
Residential mortgage-backed securities	1,956,927	380	(229,713)	1,727,594
Municipal securities:	297,283	75	(36,342)	261,016
Non-agency mortgage-backed securities:				
Commercial mortgage-backed securities	409,578	—	(42,062)	367,516
Residential mortgage-backed securities	643,335	—	(89,664)	553,671
Corporate debt securities	653,501	—	(151,076)	502,425
Foreign government bonds	239,333	69	(11,528)	227,874
Asset-backed securities	43,234	—	(934)	42,300
CLOs	617,250	—	(4,389)	612,861
Total AFS debt securities	**6,916,491**	**783**	**(728,937)**	**6,188,337**
HTM debt securities				
U.S. Treasury securities	529,548	—	(40,997)	488,551
U.S. government agency and U.S. government-sponsored enterprise debt securities	1,001,836	—	(186,904)	814,932
U.S. government agency and U.S. government-sponsored enterprise mortgage-backed securities:				
Commercial mortgage-backed securities	493,348	—	(88,968)	404,380
Residential mortgage-backed securities	742,436	—	(142,119)	600,317
Municipal securities	188,872	—	(43,081)	145,791
Total HTM debt securities	**2,956,040**	**—**	**(502,069)**	**2,453,971**
Total debt securities	**$ 9,872,531**	**$ 783**	**$ (1,231,006)**	**$ 8,642,308**

($ in thousands)	December 31, 2022 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
AFS debt securities:				
U.S. Treasury securities	$ 676,306	$ —	$ (70,103)	$ 606,203
U.S. government agency and U.S. government-sponsored enterprise debt securities	517,806	67	(56,266)	461,607
U.S. government agency and U.S. government-sponsored enterprise mortgage-backed securities:				
Commercial mortgage-backed securities	577,392	—	(77,123)	500,269
Residential mortgage-backed securities	2,011,054	41	(248,900)	1,762,195
Municipal securities	303,884	3	(46,788)	257,099
Non-agency mortgage-backed securities:				
Commercial mortgage-backed securities	447,512	213	(49,396)	398,329
Residential mortgage-backed securities	762,202	—	(112,978)	649,224
Corporate debt securities	673,502	—	(147,228)	526,274
Foreign government bonds	241,165	174	(14,286)	227,053
Asset-backed securities	51,152	—	(2,076)	49,076
CLOs	617,250	—	(19,586)	597,664
Total AFS debt securities	**6,879,225**	**498**	**(844,730)**	**6,034,993**
HTM debt securities:				
U.S. Treasury securities	524,081	—	(52,612)	471,469
U.S. government agency and U.S. government-sponsored enterprise debt securities	998,972	—	(209,560)	789,412
U.S. government agency and U.S. government-sponsored enterprise mortgage-backed securities:				
Commercial mortgage-backed securities	506,965	—	(98,566)	408,399
Residential mortgage-backed securities	782,141	—	(148,230)	633,911
Municipal securities	189,709	—	(37,729)	151,980
Total HTM debt securities	**3,001,868**	**—**	**(546,697)**	**2,455,171**
Total debt securities	**$ 9,881,093**	**$ 498**	**$ (1,391,427)**	**$ 8,490,164**

As of December 31, 2023 and 2022, the amortized cost of debt securities excluded accrued interest receivables of $44 million and $42 million, respectively, which are included in *Other assets* on the Consolidated Balance Sheet. For the Company's accounting policy related to debt securities' accrued interest receivable, see *Note 1 — Summary of Significant Accounting Policies — Significant Accounting Policies — Allowance for Credit Losses on Available-for-Sale Debt Securities* and *Allowance for Credit Losses on Held-to-Maturity Debt Securities* to the Consolidated Financial Statements in this Form 10-K.

Unrealized Losses of Available-for-Sale Debt Securities

The following tables present the fair value and the associated gross unrealized losses of the Company's AFS debt securities, aggregated by investment category and the length of time that the securities have been in a continuous unrealized loss position, as of December 31, 2023 and 2022:

	December 31, 2023					
	Less Than 12 Months		12 Months or More		Total	
($ in thousands)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
AFS debt securities:						
U.S. Treasury securities	$ —	$ —	$ 623,978	$ (52,313)	$ 623,978	$ (52,313)
U.S. government agency and U.S. government-sponsored enterprise debt securities	—	—	364,446	(47,640)	364,446	(47,640)
U.S. government agency and U.S. government-sponsored enterprise mortgage-backed securities:						
Commercial mortgage-backed securities	—	—	463,572	(63,276)	463,572	(63,276)
Residential mortgage-backed securities	9,402	(558)	1,661,112	(229,155)	1,670,514	(229,713)
Municipal securities	2,825	(15)	254,773	(36,327)	257,598	(36,342)
Non-agency mortgage-backed securities:						
Commercial mortgage-backed securities	2,742	(4)	364,774	(42,058)	367,516	(42,062)
Residential mortgage-backed securities	—	—	553,671	(89,664)	553,671	(89,664)
Corporate debt securities	—	—	502,425	(151,076)	502,425	(151,076)
Foreign government bonds	110,955	(144)	88,616	(11,384)	199,571	(11,528)
Asset-backed securities	—	—	42,300	(934)	42,300	(934)
CLOs	—	—	612,861	(4,389)	612,861	(4,389)
Total AFS debt securities	**$ 125,924**	**$ (721)**	**$ 5,532,528**	**$ (728,216)**	**$ 5,658,452**	**$ (728,937)**

	December 31, 2022					
	Less Than 12 Months		12 Months or More		Total	
($ in thousands)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
AFS debt securities:						
U.S. Treasury securities	$ 131,843	$ (8,761)	$ 474,360	$ (61,342)	$ 606,203	$ (70,103)
U.S. government agency and U.S. government-sponsored enterprise debt securities	97,403	(6,902)	214,136	(49,364)	311,539	(56,266)
U.S. government agency and U.S. government-sponsored enterprise mortgage-backed securities:						
Commercial mortgage-backed securities	252,144	(30,029)	248,125	(47,094)	500,269	(77,123)
Residential mortgage-backed securities	307,536	(20,346)	1,448,658	(228,554)	1,756,194	(248,900)
Municipal securities	95,655	(10,194)	159,439	(36,594)	255,094	(46,788)
Non-agency mortgage-backed securities:						
Commercial mortgage-backed securities	106,184	(3,309)	282,301	(46,087)	388,485	(49,396)
Residential mortgage-backed securities	22,715	(1,546)	626,509	(111,432)	649,224	(112,978)
Corporate debt securities	173,595	(17,907)	352,679	(129,321)	526,274	(147,228)
Foreign government bonds	107,576	(429)	36,143	(13,857)	143,719	(14,286)
Asset-backed securities	12,450	(524)	36,626	(1,552)	49,076	(2,076)
CLOs	144,365	(4,735)	453,299	(14,851)	597,664	(19,586)
Total AFS debt securities	**$ 1,451,466**	**$ (104,682)**	**$ 4,332,275**	**$ (740,048)**	**$ 5,783,741**	**$ (844,730)**

As of December 31, 2023, the Company had 547 AFS debt securities in a gross unrealized loss position with no credit impairment, primarily consisting of 255 U.S. government agency and U.S. government-sponsored enterprise mortgage-backed securities, 66 corporate debt securities, and 99 non-agency mortgage-backed securities. In comparison, as of December 31, 2022, the Company had 559 AFS debt securities in a gross unrealized loss position with no credit impairment, primarily consisting of 263 U.S. government agency and U.S. government-sponsored enterprise mortgage-backed securities, 100 non-agency mortgage-backed securities, and 68 corporate debt securities.

Allowance for Credit Losses on Available-for-Sale Debt Securities

The Company evaluates each AFS debt security where the fair value declines below amortized cost. For a discussion of the factors and criteria the Company uses in analyzing securities for impairment related to credit losses, see *Note 1 — Summary of Significant Accounting Policies — Significant Accounting Policies — Allowance for Credit Losses on Available-for-Sale Debt Securities* to the Consolidated Financial Statements in this Form 10-K.

The gross unrealized losses presented in the preceding tables were primarily attributable to interest rate movement and the widening of liquidity and/or credit spreads. U.S. Treasury, U.S. government agency, U.S. government-sponsored agency, and U.S. government-sponsored enterprise debt and mortgage-backed securities are issued, guaranteed, or otherwise supported by the U.S. government and have a zero credit loss assumption. The remaining securities that were in an unrealized loss position as of December 31, 2023 were mainly comprised of the following:

- **Corporate debt securities** — The market value decline as of December 31, 2023 was primarily due to interest rate movement and spread widening. A portion of the corporate debt securities is comprised of subordinated debt securities issued by U.S. banks. Despite the reduction of the market value of these securities after the banking sector disruption in 2023, these securities are nearly all rated investment grade by NRSROs or issued by well-capitalized financial institutions with strong profitability. The contractual payments from these corporate debt securities have been and are expected to be received on time. The Company will continue to monitor the market developments in the banking sector and the credit performance of these securities.
- **Non-agency mortgage-backed securities —** The market value decline as of December 31, 2023, was primarily due to interest rate movement and spread widening. Since these securities are rated investment grade by NRSROs, or have high priority in the cash flow waterfall within the securitization structure, and the contractual payments have historically been on time, the Company believes the risk of credit losses on these securities is low.

As of both December 31, 2023 and 2022, the Company intended to hold the AFS debt securities with unrealized losses through the anticipated recovery period and it was more-likely-than-not that the Company would not have to sell these securities before the recovery of their amortized cost. The issuers of these securities have not, to the Company’s knowledge, established any cause for default on these securities. As a result, the Company expects to recover the entire amortized cost basis of these securities. Accordingly, there was no allowance for credit losses provided against these securities as of both December 31, 2023 and 2022. In addition, there was no provision for credit losses recognized for the years ended December 31, 2023, 2022, and 2021.

Allowance for Credit Losses on Held-to-Maturity Debt Securities

The Company separately evaluates its HTM debt securities for any credit losses using an expected loss model, similar to the methodology used for loans. For additional information on the Company’s credit loss methodology, refer to *Note 1 — Summary of Significant Accounting Policies — Significant Accounting Policies — Allowance for Credit Losses on Held-to-Maturity Debt Securities* to the Consolidated Financial Statements in this Form 10-K.

The Company monitors the credit quality of the HTM debt securities using external credit ratings. As of December 31, 2023, all HTM securities were rated investment grade by NRSROs and issued, guaranteed, or supported by U.S. government entities and agencies. Accordingly, the Company applied a zero credit loss assumption and no allowance for credit losses was recorded as of December 31, 2023 and 2022. Overall, the Company believes that the credit support levels of the debt securities are strong and, based on current assessments and macroeconomic forecasts, expects that full contractual cash flows will be received.

Realized Gains and Losses

The following table presents the gross realized gains from the sales and impairment write-off of AFS debt securities and the related tax (benefit) expense included in earnings for the years ended December 31, 2023, 2022 and 2021:

	Year Ended December 31,		
($ in thousands)	**2023**	**2022**	**2021**
Gross realized gains from sales [1]	$ 3,138	$ 1,306	$ 1,568
Impairment write-off [1]	$ (10,000)	$ —	$ —
Related tax (benefit) expense	$ (2,029)	$ 386	$ 464

(1) During 2023, the Company recognized $7 million in net losses on AFS securities as a component of *noninterest income* in the Company's Consolidated Statement of Income, consisting of a $10 million impairment write-off on a subordinated debt security, partially offset by a $3 million gain on the sale of the same security.

Interest Income

The following table presents the composition of interest income on debt securities for the years ended December 31, 2023, 2022 and 2021:

	Year Ended December 31,		
($ in thousands)	**2023**	**2022**	**2021**
Taxable interest	$ 255,475	$ 179,720	$ 131,985
Nontaxable interest	20,715	19,186	11,998
Total interest income on debt securities	**$ 276,190**	**$ 198,906**	**$ 143,983**

Contractual Maturities of Available-for-Sale and Held-to-Maturity Debt Securities

The following tables present the contractual maturities, amortized cost, fair value and weighted average yields of AFS and HTM debt securities as of December 31, 2023. Expected maturities will differ from contractual maturities on certain securities as the issuers and borrowers of the underlying collateral may have the right to call or prepay obligations with or without prepayment penalties.

($ in thousands)	Within One Year	After One Year through Five Years	After Five Years through Ten Years	After Ten Years	Total
AFS debt securities:					
U.S. Treasury securities					
Amortized cost	$ 436,296	$ 676,291	$ —	$ —	$ 1,112,587
Fair value	436,397	623,978	—	—	1,060,375
Weighted-average yield [1]	5.40 %	1.20 %	— %	— %	2.85 %
U.S. government agency and U.S. government-sponsored enterprise debt securities					
Amortized cost	50,000	96,470	128,169	137,447	412,086
Fair value	49,882	93,182	109,134	112,248	364,446
Weighted-average yield [1]	5.00 %	3.08 %	1.38 %	2.33 %	2.53 %
U.S. government agency and U.S. government-sponsored enterprise mortgage-backed securities					
Amortized cost	—	41,533	142,008	2,304,763	2,488,304
Fair value	—	39,930	130,528	2,025,395	2,195,853
Weighted-average yield [1] [2]	— %	3.13 %	2.70 %	3.68 %	3.62 %
Municipal securities					
Amortized cost	2,240	35,100	9,624	250,319	297,283
Fair value	2,214	32,877	8,752	217,173	261,016
Weighted-average yield [1] [2]	3.39 %	2.24 %	3.22 %	2.23 %	2.27 %
Non-agency mortgage-backed securities					
Amortized cost	96,990	77,046	—	878,877	1,052,913
Fair value	95,856	74,884	—	750,447	921,187
Weighted-average yield [1]	6.74 %	4.44 %	— %	2.59 %	3.11 %
Corporate debt securities					
Amortized cost	—	—	349,501	304,000	653,501
Fair value	—	—	290,877	211,548	502,425
Weighted average yield [1]	— %	— %	3.48 %	1.97 %	2.78 %
Foreign government bonds					
Amortized cost	33,262	106,071	50,000	50,000	239,333
Fair value	33,231	106,026	49,593	39,024	227,874
Weighted-average yield [1]	3.02 %	2.28 %	5.73 %	1.50 %	2.94 %
Asset-backed securities					
Amortized cost	—	—	—	43,234	43,234
Fair value	—	—	—	42,300	42,300
Weighted-average yield [1]	— %	— %	— %	6.07 %	6.07 %
CLOs					
Amortized cost	—	—	319,000	298,250	617,250
Fair value	—	—	315,410	297,451	612,861
Weighted average yield [1]	— %	— %	6.80 %	6.82 %	6.81 %
Total AFS debt securities					
Amortized cost	**$ 618,788**	**$ 1,032,511**	**$ 998,302**	**$ 4,266,890**	**$ 6,916,491**
Fair value	**$ 617,580**	**$ 970,877**	**$ 904,294**	**$ 3,695,586**	**$ 6,188,337**
Weighted-average yield [1]	**5.44 %**	**1.84 %**	**4.27 %**	**3.42 %**	**3.49 %**

($ in thousands)	Within One Year	After One Year through Five Years	After Five Years through Ten Years	After Ten Years	Total
HTM debt securities:					
U.S. Treasury securities					
Amortized cost	$ —	$ 529,548	$ —	$ —	$ 529,548
Fair value	—	488,551	—	—	488,551
Weighted-average yield (1)	— %	1.05 %	— %	— %	1.05 %
U.S. government agency and U.S. government-sponsored enterprise debt securities					
Amortized cost	—	—	343,319	658,517	1,001,836
Fair value	—	—	296,124	518,808	814,932
Weighted-average yield (1)	— %	— %	1.90 %	1.89 %	1.90 %
U.S. government agency and U.S. government-sponsored enterprise mortgage-backed securities					
Amortized cost	—	—	99,473	1,136,311	1,235,784
Fair value	—	—	84,323	920,374	1,004,697
Weighted-average yield (1) (2)	— %	— %	1.61 %	1.70 %	1.69 %
Municipal securities					
Amortized cost	—	—	—	188,872	188,872
Fair value	—	—	—	145,791	145,791
Weighted-average yield (1) (2)	— %	— %	— %	1.99 %	1.99 %
Total HTM debt securities					
Amortized cost	**$ —**	**$ 529,548**	**$ 442,792**	**$ 1,983,700**	**$ 2,956,040**
Fair value	**$ —**	**$ 488,551**	**$ 380,447**	**$ 1,584,973**	**$ 2,453,971**
Weighted-average yield (1)	**— %**	**1.05 %**	**1.83 %**	**1.79 %**	**1.66 %**

(1) Weighted-average yields are computed based on amortized cost balances.
(2) Yields on tax-exempt securities are not presented on a tax-equivalent basis.

As of December 31, 2023 and 2022, AFS and HTM debt securities with carrying values of $7.0 billion and $794 million, respectively, were pledged to secure borrowings, public deposits, repurchase agreements and for other purposes required or permitted by law.

Restricted Equity Securities

The following table presents the restricted equity securities included in *Other assets* on the Consolidated Balance Sheet as of December 31, 2023 and 2022:

	December 31,	
($ in thousands)	2023	2022
FRBSF stock	$ 62,561	$ 61,374
FHLB stock	17,250	17,250
Total restricted equity securities	**$ 79,811**	**$ 78,624**

Note 5 — Derivatives

The Company uses derivative instruments to manage exposure to market risk, primarily interest rate and foreign currency risks, as well as to assist customers with their risk management objectives. The Company's goal is to manage interest rate sensitivity and volatility to mitigate the effect of interest rate changes on earnings or capital. The Company also uses foreign exchange contracts to manage the foreign exchange rate risk associated with certain foreign currency-denominated assets and liabilities, as well as the Bank's investment in East West Bank (China) Limited. The Company recognizes all derivatives on the Consolidated Balance Sheet at fair value. While the Company designates certain derivatives as hedging instruments in a qualifying hedge accounting relationship, other derivatives serve as economic hedges. For additional information on the Company's derivatives and hedging activities, see *Note 1 — Summary of Significant Accounting Policies — Significant Accounting Policies — Derivatives* to the Consolidated Financial Statements in this Form 10-K.

The following table presents the notional amounts and fair values of the Company's derivatives as of December 31, 2023 and 2022. Certain derivative contracts are cleared though central clearing organizations where variation margin is applied daily as settlement to the fair values of the contracts. The fair values are presented on a gross basis prior to the application of bilateral collateral and master netting agreements, but after the application of variation margin payments as settlement to fair values of contracts cleared through central clearing organizations. Applying variation margin payments as settlement to the fair values of derivative contracts cleared through the London Clearing House ("LCH") and the Chicago Mercantile Exchange ("CME") resulted in reductions in both the derivative asset and liability fair values of $43 million as of December 31, 2023. In comparison, applying variation margin payments as settlement to LCH- and CME-cleared derivative transactions resulted in reductions in the derivative asset and liability fair values of $167 million and $81 million, respectively, as of December 31, 2022. Total derivative asset and liability fair values are adjusted to reflect the effects of legally enforceable master netting agreements and cash collateral received or paid. The resulting net derivative asset and liability fair values are included in *Other assets* and *Accrued expenses and other liabilities*, respectively, on the Consolidated Balance Sheet.

	December 31, 2023			December 31, 2022		
		Fair Value			Fair Value	
($ in thousands)	**Notional Amount**	**Assets**	**Liabilities**	**Notional Amount**	**Assets**	**Liabilities**
Derivatives designated as hedging instruments:						
Cash flow hedges:						
Interest rate contracts	$ 5,250,000	$ 50,421	$ 13,124	$ 3,450,000	$ 13,455	$ 19,687
Net investment hedges:						
Foreign exchange contracts	81,480	3,394	—	84,832	5,590	—
Total derivatives designated as hedging instruments	**$ 5,331,480**	**$ 53,815**	**$ 13,124**	**$ 3,534,832**	**$ 19,045**	**$ 19,687**
Derivatives not designated as hedging instruments:						
Interest rate contracts	$ 17,387,909	$ 423,486	$ 420,812	$ 16,932,414	$ 426,828	$ 564,829
Commodity contracts (1)	—	79,604	121,670	—	261,613	258,608
Foreign exchange contracts	5,827,149	53,678	42,564	2,982,891	47,519	44,117
Credit contracts (2)	118,391	1	25	140,950	—	23
Equity contracts	—	336 (3)	15,119 (4)	—	323 (3)	—
Total derivatives not designated as hedging instruments	**$ 23,333,449**	**$ 557,105**	**$ 600,190**	**$ 20,056,255**	**$ 736,283**	**$ 867,577**
Gross derivative assets/liabilities		**$ 610,920**	**$ 613,314**		**$ 755,328**	**$ 887,264**
Less: Master netting agreements		(75,534)	(75,534)		(242,745)	(242,745)
Less: Cash collateral received/paid		(237,258)	(636)		(372,038)	—
Net derivative assets/liabilities		**$ 298,128**	**$ 537,144**		**$ 140,545**	**$ 644,519**

(1) The notional amount of the Company's commodity contracts totaled 18,631 thousand barrels of crude oil and 328,844 thousand units of natural gas, measured in million British thermal units ("MMBTUs") as of December 31, 2023. In comparison, the notional amount of the Company's commodity contracts totaled 12,005 thousand barrels of crude oil and 247,704 thousand MMBTUs of natural gas as of December 31, 2022.

(2) Notional amount for credit contracts reflects the Company's pro-rata share of the derivative instruments in RPAs.

(3) The Company held equity contracts in 11 private companies and one public company as of December 31, 2023, and 13 private companies and one public company as of December 31, 2022.

(4) Equity contracts classified as derivative liabilities consist of 349,138 performance-based RSUs granted as part of EWBC's consideration in its investment in Rayliant.

Derivatives Designated as Hedging Instruments

Cash Flow Hedges — The Company uses interest rate swaps to hedge the variability in interest amount received on certain floating-rate commercial loans, or paid on certain floating-rate borrowings due to changes in contractually specified interest rates. As of December 31, 2023, interest rate contracts with total notional amount of $5.3 billion were designated as cash flow hedges to convert certain variable-rate loans from floating-rate payments to fixed-rate payments. Gains and losses on the hedging derivative instruments are recognized in AOCI and reclassified to earnings in the same period the hedged cash flows impact earnings and within the same income statement line item as the hedged cash flows. Considering the interest rates, yield curve and notional amounts as of December 31, 2023, the Company expects to reclassify an estimated $47 million of after-tax net losses on derivative instruments designated as cash flow hedges from AOCI into earnings during the next 12 months.

The following table presents the pre-tax changes in AOCI from cash flow hedges for the years ended December 31, 2023, 2022 and 2021. The after-tax impact of cash flow hedges on AOCI is shown in *Note 15 — Accumulated Other Comprehensive Income (Loss)* to the Consolidated Financial Statements in this Form 10-K.

($ in thousands)	Year Ended December 31, 2023	2022	2021
(Losses) gains recognized in AOCI:			
Interest rate contracts	$ (5,767)	$ (74,069)	$ 1,210
Gains (losses) reclassified from AOCI into earnings:			
Interest expense (for cash flow hedges on borrowings)	$ 696	$ 3,200	$ (868)
Interest and dividend income (for cash flow hedges on loans)	(82,153)	(7,204)	—
Noninterest income	1,614 (1)	—	—
Total	**$ (79,843)**	**$ (4,004)**	**$ (868)**

(1) Represents the amounts in AOCI reclassified into earnings as a result that the forecasted cash flows were no longer probable to occur.

Net Investment Hedges — The Company enters into foreign currency forward contracts to hedge a portion of the Bank's investment in East West Bank (China) Limited, a non-USD functional currency subsidiary in China. The hedging instruments designated as net investment hedges were used to hedge against the risk of adverse changes in the foreign currency exchange rate of the RMB. The following table presents the pre-tax gains (losses) recognized in AOCI on net investment hedges for the years ended December 31, 2023, 2022 and 2021:

($ in thousands)	Year Ended December 31, 2023	2022	2021
Gains (losses) recognized in AOCI	$ 2,571	$ 4,509	$ (4,558)

Derivatives Not Designated as Hedging Instruments

Customer-Related Positions and Economic Hedge Derivatives — The Company enters into interest rate, commodity, and foreign exchange derivatives at the request of its customers and generally enters into offsetting derivative contracts with third-party financial institutions to mitigate the inherent market risk. The Company also utilizes foreign exchange contracts to mitigate the effect of currency fluctuations on certain foreign currency-denominated on-balance sheet assets and liabilities, primarily foreign currency denominated deposits that it offers to its customers. A majority of the foreign exchange contracts had original maturities of one year or less as of both December 31, 2023 and 2022.

The following table presents the notional amounts and the gross fair values of the interest rate and foreign exchange derivatives entered into with customers and with third-party financial institutions as economic hedges to customers' positions as of December 31, 2023 and 2022:

	December 31, 2023			December 31, 2022		
		Fair Value			Fair Value	
($ in thousands)	Notional Amount	Assets	Liabilities	Notional Amount	Assets	Liabilities
Customer-related positions:						
Interest rate contracts:						
Swaps	$ 6,835,822	$ 25,649	$ 377,388	$ 6,656,491	$ 1,438	$ 521,719
Written options	1,522,531	—	12,756	1,548,158	—	30,904
Collars and corridors	322,732	440	4,481	215,773	—	8,924
Subtotal	8,681,085	26,089	394,625	8,420,422	1,438	561,547
Foreign exchange contracts:						
Forwards and spot	956,618	9,466	6,756	993,588	17,009	18,090
Swaps	1,588,491	5,801	18,118	623,143	6,629	12,178
Other	136,000	1,839	—	121,631	2,070	245
Subtotal	2,681,109	17,106	24,874	1,738,362	25,708	30,513
Total	**$ 11,362,194**	**$ 43,195**	**$ 419,499**	**$ 10,158,784**	**$ 27,146**	**$ 592,060**
Other economic hedges:						
Interest rate contracts:						
Swaps	$ 6,861,561	$ 380,123	$ 25,731	$ 6,683,828	$ 384,201	$ 2,047
Purchased options	1,522,531	12,783	—	1,580,275	32,233	—
Written options	—	—	—	32,117	—	1,235
Collars and corridors	322,732	4,491	456	215,772	8,956	—
Subtotal	8,706,824	397,397	26,187	8,511,992	425,390	3,282
Foreign exchange contracts:						
Forwards and spot	148,003	292	94	77,998	3,050	87
Swaps	2,862,037	36,280	15,757	1,044,900	18,516	11,447
Other	136,000	—	1,839	121,631	245	2,070
Subtotal	3,146,040	36,572	17,690	1,244,529	21,811	13,604
Total	**$ 11,852,864**	**$ 433,969**	**$ 43,877**	**$ 9,756,521**	**$ 447,201**	**$ 16,886**

The Company enters into energy commodity contracts with its customers in the oil and gas sector, which allow them to hedge against the risk of fluctuation in energy commodity prices. Offsetting contracts entered with third-party financial institutions are used as economic hedges to manage the Company's exposure on its customer-related positions. The following table presents the notional amounts in units and the gross fair values of the commodity derivatives issued for customer-related positions and other economic hedges as of December 31, 2023 and 2022:

	December 31, 2023				December 31, 2022			
			Fair Value				Fair Value	
($ in thousands)	Notional Units		Assets	Liabilities	Notional Units		Assets	Liabilities
Customer-related positions:								
Commodity contracts:								
Crude oil:								
Swaps	3,277	Barrels	$ 3,735	$ 15,445	2,465	Barrels	$ 39,955	$ 6,178
Collars	5,966	Barrels	1,820	5,103	3,011	Barrels	16,038	2,630
Written options	—	Barrels	—	—	—	Barrels	558	—
Subtotal	9,243	Barrels	5,555	20,548	5,476	Barrels	56,551	8,808
Natural gas:								
Swaps	118,325	MMBTUs	438	73,793	92,590	MMBTUs	112,314	73,208
Collars	45,854	MMBTUs	21	20,400	32,072	MMBTUs	2,217	18,317
Written options	1,874	MMBTUs	—	233	—	MMBTUs	—	—
Subtotal	166,053	MMBTUs	459	94,426	124,662	MMBTUs	114,531	91,525
Total			**$ 6,014**	**$ 114,974**			**$ 171,082**	**$ 100,333**
Other economic hedges:								
Commodity contracts:								
Crude oil:								
Swaps	3,422	Barrels	$ 9,166	$ 4,924	2,587	Barrels	$ 6,935	$ 36,060
Collars	5,966	Barrels	1,685	1,467	3,942	Barrels	1,378	12,856
Purchased options	—	Barrels	—	—	—	Barrels	—	516
Subtotal	9,388	Barrels	10,851	6,391	6,529	Barrels	8,313	49,432
Natural gas:								
Swaps	116,463	MMBTUs	49,941	305	91,900	MMBTUs	69,767	106,883
Collars	44,454	MMBTUs	12,565	—	31,142	MMBTUs	12,451	1,960
Purchased options	1,874	MMBTUs	233	—	—	MMBTUs	—	—
Subtotal	162,791	MMBTUs	62,739	305	123,042	MMBTUs	82,218	108,843
Total			**$ 73,590**	**$ 6,696**			**$ 90,531**	**$ 158,275**

Credit Contracts — The Company periodically enters into credit RPAs with institutional counterparties to manage the credit exposure of the interest rate contracts associated with syndication loans. Under the RPAs, a portion of the credit exposure is transferred from one party (the purchaser of credit protection) to another party (the seller of credit protection). The seller of credit protection is required to make payments to the purchaser of credit protection if the underlying borrower defaults on the related interest rate contract. The Company may enter into protection sold or protection purchased RPAs. Credit risk on RPAs is managed by monitoring the credit worthiness of the borrowers and the institutional counterparties, which is a part of the Company's normal credit review and monitoring process. All reference entities of the protection sold RPAs were investment grade, and the weighted-average remaining maturity was 2.8 years and 2.4 years as of December 31, 2023 and 2022, respectively. Assuming the underlying borrowers referenced in the interest rate contracts defaulted as of December 31, 2023, the maximum exposure of protection sold RPAs would be $177 thousand. In comparison, assuming the underlying borrowers referenced in the interest rate contracts defaulted as of December 31, 2022, the Company would not have any current exposure in the protection sold RPAs.

As of December 31, 2023, the Company had one outstanding protection purchased RPA with a notional amount of $25 million and minimal fair value. In comparison, the Company did not have any outstanding protection purchased RPAs as of December 31, 2022.

Equity Contracts — As part of the loan origination process, the Company may obtain warrants to purchase the preferred and/or common stock of the borrowers' companies, which are mainly in the technology and life sciences sectors. Warrants grant the Company the right to buy a certain class of the underlying company's equity at a certain price before expiration. In connection with the Company's investment in Rayliant during the third quarter of 2023, the Company granted performance-based RSUs as part of its consideration. The vesting of these equity contracts is contingent on Rayliant meeting certain financial performance targets during the future performance period. For additional information on these equity contracts, refer to *Note 2 — Fair Value Measurement and Fair Value of Financial Instruments* and *Note 7 — Investments in Qualified Affordable Housing Partnerships, Tax Credit and Other Investments, Net and Variable Interest Entities* to the Consolidated Financial Statements in this Form 10-K.

The following table presents the net gains (losses) recognized on the Company's Consolidated Statement of Income related to derivatives not designated as hedging instruments for the years ended December 31, 2023, 2022 and 2021:

($ in thousands)	Classification on Consolidated Statement of Income	Year Ended December 31, 2023	2022	2021
Derivatives not designated as hedging instruments:				
Interest rate contracts	Customer derivative income	$ (2,989)	$ 13,905	$ 11,493
Foreign exchange contracts	Foreign exchange income	52,817	13,799	45,921
Credit contracts	Customer derivative income	(1)	118	139
Equity contracts - warrants	Lending fees	13	151	382
Commodity contracts	Customer derivative income	(25)	48	(58)
Net gains		**$ 49,815**	**$ 28,021**	**$ 57,877**

Credit-Risk-Related Contingent Features — Certain of the Company's over-the-counter derivative contracts contain early termination provisions that require the Company to settle any outstanding balances upon the occurrence of a specified credit-risk-related event. Such an event primarily relates to a downgrade in the credit rating of East West Bank to below investment grade. As of December 31, 2023, the aggregate fair value amounts of all derivative instruments with credit risk-related contingent features that were in a net liability position totaled $9 thousand, for which no collateral was posted to cover these positions. In comparison, as of December 31, 2022, the aggregate fair value amounts of all derivative instruments with credit risk-related contingent features that were in a net liability position totaled $3 million, for which $1 million of collateral was posted to cover these positions. In the event that the credit rating of East West Bank had been downgraded to below investment grade, minimal additional collateral would have been required to be posted as of both December 31, 2023 and 2022.

Offsetting of Derivatives

The following tables present the gross derivative fair values, the balance sheet netting adjustments, and the resulting net fair values recorded on the Consolidated Balance Sheet, as well as the cash and noncash collateral associated with master netting arrangements. The gross amounts of derivative assets and liabilities are presented after the application of variation margin payments as settlements to the fair values of contracts cleared through central clearing organizations, where applicable. The collateral amounts in the following tables are limited to the outstanding balances of the related asset or liability. Therefore, instances of overcollateralization are not shown:

($ in thousands)	As of December 31, 2023					
		Gross Amounts Offset on the Consolidated Balance Sheet		Net Amounts Presented on the Consolidated Balance Sheet	Gross Amounts Not Offset on the Consolidated Balance Sheet	
	Gross Amounts Recognized (1)	Master Netting Arrangements	Cash Collateral Received (3)		Security Collateral Received (5)	Net Amount
Derivative assets	$ 610,920	$ (75,534)	$ (237,258)	$ 298,128	$ (246,259)	$ 51,869
		Gross Amounts Offset on the Consolidated Balance Sheet		Net Amounts Presented on the Consolidated Balance Sheet	Gross Amounts Not Offset on the Consolidated Balance Sheet	
	Gross Amounts Recognized (2)	Master Netting Arrangements	Cash Collateral Pledged (4)		Security Collateral Pledged (5)	Net Amount
Derivative liabilities	$ 613,314	$ (75,534)	$ (636)	$ 537,144	$ —	$ 537,144

($ in thousands)	As of December 31, 2022					
		Gross Amounts Offset on the Consolidated Balance Sheet			Gross Amounts Not Offset on the Consolidated Balance Sheet	
	Gross Amounts Recognized (1)	Master Netting Arrangements	Cash Collateral Received (3)	Net Amounts Presented on the Consolidated Balance Sheet	Security Collateral Received (5)	Net Amount
Derivative assets	$ 755,328	$ (242,745)	$ (372,038)	$ 140,545	$ (60,567)	$ 79,978
		Gross Amounts Offset on the Consolidated Balance Sheet			Gross Amounts Not Offset on the Consolidated Balance Sheet	
	Gross Amounts Recognized (2)	Master Netting Arrangements	Cash Collateral Pledged (4)	Net Amounts Presented on the Consolidated Balance Sheet	Security Collateral Pledged (5)	Net Amount
Derivative liabilities	$ 887,264	$ (242,745)	$ —	$ 644,519	$ (38,438)	$ 606,081

(1) Includes $3 million and $2 million of gross fair value assets with counterparties that were not subject to enforceable master netting arrangements or similar agreements as of December 31, 2023 and 2022, respectively.

(2) Includes $16 million and $1 million of gross fair value liabilities with counterparties that were not subject to enforceable master netting arrangements or similar agreements as of December 31, 2023 and 2022, respectively.

(3) Gross cash collateral received under master netting arrangements or similar agreements were $244 million and $385 million as of December 31, 2023 and 2022, respectively. Of the gross cash collateral received, $237 million and $372 million were used to offset against derivative assets as of December 31, 2023 and 2022, respectively.

(4) Gross cash collateral pledged under master netting arrangements or similar agreements were $1 million and $490 thousand as of December 31, 2023 and 2022, respectively. Of the gross cash collateral pledged, $1 million was used to offset against derivative liabilities as of December 31, 2023. In comparison, no cash collateral was used to offset against derivative liabilities as of December 31, 2022.

(5) Represents the fair value of security collateral received or pledged limited to derivative assets or liabilities that are subject to enforceable master netting arrangements or similar agreements. U.S. GAAP does not permit the netting of noncash collateral on the Consolidated Balance Sheet but requires disclosure of such amounts.

In addition to the amounts included in the tables above, the Company has balance sheet netting related to the resale and repurchase agreements. Refer to *Note 3 — Assets Purchased under Resale Agreements and Sold under Repurchase Agreements* to the Consolidated Financial Statements in this Form 10-K for additional information. Refer to *Note 2 — Fair Value Measurement and Fair Value of Financial Instruments* to the Consolidated Financial Statements in this Form 10-K for fair value measurement disclosures on derivatives.

Note 6 — Loans Receivable and Allowance for Credit Losses

The following table presents the composition of the Company’s loans held-for-investment outstanding as of December 31, 2023 and 2022:

($ in thousands)	December 31, 2023	December 31, 2022
Commercial:		
C&I	$ 16,581,079	$ 15,711,095
CRE:		
CRE	14,777,081	13,857,870
Multifamily residential	5,023,163	4,573,068
Construction and land	663,868	638,420
Total CRE	20,464,112	19,069,358
Total commercial	**37,045,191**	**34,780,453**
Consumer:		
Residential mortgage:		
Single-family residential	13,383,060	11,223,027
HELOCs	1,722,204	2,122,655
Total residential mortgage	15,105,264	13,345,682
Other consumer	60,327	76,295
Total consumer	**15,165,591**	**13,421,977**
Total loans held-for-investment (1)	**$ 52,210,782**	**$ 48,202,430**
Allowance for loan losses	**(668,743)**	**(595,645)**
Loans held-for-investment, net (1)	**$ 51,542,039**	**$ 47,606,785**

(1) Includes $71 million and $70 million of net deferred loan fees and net unamortized premiums as of December 31, 2023 and 2022, respectively.

Accrued interest receivable on loans held-for-investment was $267 million and $208 million as of December 31, 2023 and 2022, respectively, and was included in *Other assets* on the Consolidated Balance Sheet. The interest income reversed was insignificant for the years ended December 31, 2023, 2022 and 2021. For the Company’s accounting policy on accrued interest receivable related to loans held-for-investment, see *Note 1 — Summary of Significant Accounting Policies — Loans Held-for-Investment* to the Consolidated Financial Statements in this Form 10-K. The Company also has loans held-for-sale. For the Company’s accounting policy on loans held-for-sale, refer to *Note 1 — Summary of Significant Accounting Policies — Loans Held-for-Sale* to the Consolidated Financial Statements in this Form 10-K.

The Company’s FRBSF and FHLB borrowings are primarily secured by loans held-for-investment. Loans held-for-investment totaling $37.2 billion and $28.3 billion, respectively, were pledged to secure borrowings and provide additional borrowing capacity as of December 31, 2023 and 2022.

Credit Quality Indicators

All loans are subject to the Company’s credit review and monitoring process. For the commercial loan portfolio, loans are risk rated based on an analysis of the borrower’s current payment performance or delinquency, repayment sources, financial and liquidity factors, including industry and geographic considerations. For the consumer loan portfolio, payment performance or delinquency is typically the driving indicator for risk ratings.

The Company utilizes internal credit risk ratings to assign each individual loan a risk rating of 1 through 10:

- **Pass** — loans risk rated 1 through 5 are assigned an internal risk rating category of “Pass.” Loans risk rated 1 are typically loans fully secured by cash. Pass loans have sufficient sources of repayment to repay the loan in full, in accordance with all terms and conditions.
- **Special mention —** loans assigned a risk rating of 6 have potential weaknesses that warrant closer attention by management; these are assigned an internal risk rating category of “Special Mention.”
- **Substandard** — loans assigned a risk rating of 7 or 8 have well-defined weaknesses that may jeopardize the full and timely repayment of the loan; these are assigned an internal risk rating category of “Substandard.”
- **Doubtful** — loans assigned a risk rating of 9 have insufficient sources of repayment and a high probability of loss; these are assigned an internal risk rating category of “Doubtful.”

- **Loss** — loans assigned a risk rating of 10 are uncollectible and of such little value that they are no longer considered bankable assets; these are assigned an internal risk rating category of "Loss."

Loan exposures categorized as criticized consist of special mention, substandard, doubtful and loss categories. The Company reviews the internal risk ratings of its loan portfolio on a regular basis, and adjusts the ratings based on changes in the borrowers' financial status and the collectability of the loans.

The following tables summarize the Company's loans held-for-investment and current year-to-date gross write-offs by loan portfolio segments, internal risk ratings and vintage year as of December 31, 2023 and 2022. The vintage year is the year of loan origination, renewal or major modification. Revolving loans that are converted to term loans presented in the tables below are excluded from term loans by vintage year columns.

	December 31, 2023								
	Term Loans by Origination Year								
($ in thousands)	2023	2022	2021	2020	2019	Prior	Revolving Loans	Revolving Loans Converted to Term Loans (1)	Total
Commercial:									
C&I:									
Pass	$ 2,314,463	$ 1,628,560	$ 1,296,936	$ 331,982	$ 245,173	$ 164,159	$ 10,053,757	$ 20,143	$ 16,055,173
Criticized (accrual)	105,119	67,899	120,574	15,064	40,920	22,098	117,196	—	488,870
Criticized (nonaccrual)	2,104	7,916	131	4,819	2,979	18,137	950	—	37,036
Total C&I	2,421,686	1,704,375	1,417,641	351,865	289,072	204,394	10,171,903	20,143	16,581,079
YTD gross write-offs (2)	350	10,454	424	3,758	9,748	2,648	1,593	—	28,975
CRE:									
Pass	2,492,915	4,086,385	2,216,257	1,428,724	1,600,844	2,494,382	92,851	62,771	14,475,129
Criticized (accrual)	36,855	34,485	30,336	48,250	24,437	104,340	—	—	278,703
Criticized (nonaccrual)	—	—	—	—	444	22,805	—	—	23,249
Subtotal CRE	2,529,770	4,120,870	2,246,593	1,476,974	1,625,725	2,621,527	92,851	62,771	14,777,081
YTD gross write-offs (2)	—	—	—	—	—	1,329	—	—	1,329
Multifamily residential:									
Pass	665,780	1,481,161	808,333	612,408	498,491	857,713	8,690	1,281	4,933,857
Criticized (accrual)	—	3,356	54,614	—	693	25,974	—	—	84,637
Criticized (nonaccrual)	—	—	—	—	—	4,669	—	—	4,669
Subtotal multifamily residential	665,780	1,484,517	862,947	612,408	499,184	888,356	8,690	1,281	5,023,163
YTD gross write-offs	—	—	—	—	—	3	—	—	3
Construction and land:									
Pass	209,775	280,151	120,724	39,928	808	5,501	6,981	$ —	663,868
Criticized (accrual)	—	—	—	—	—	—	—	—	—
Criticized (nonaccrual)	—	—	—	—	—	—	—	—	—
Subtotal construction and land	209,775	280,151	120,724	39,928	808	5,501	6,981	—	663,868
YTD gross write-offs (2)	—	—	—	—	—	—	—	—	—
Total CRE	3,405,325	5,885,538	3,230,264	2,129,310	2,125,717	3,515,384	108,522	64,052	20,464,112
YTD gross write-offs (2)	—	—	—	—	—	1,332	—	—	1,332
Total commercial	**$ 5,827,011**	**$ 7,589,913**	**$ 4,647,905**	**$ 2,481,175**	**$ 2,414,789**	**$ 3,719,778**	**$ 10,280,425**	**$ 84,195**	**$ 37,045,191**
YTD total commercial gross write-offs (2)	**$ 350**	**$ 10,454**	**$ 424**	**$ 3,758**	**$ 9,748**	**$ 3,980**	**$ 1,593**	**$ —**	**$ 30,307**

	December 31, 2023								
	Term Loans by Origination Year								
($ in thousands)	2023	2022	2021	2020	2019	Prior	Revolving Loans	Revolving Loans Converted to Term Loans [(1)]	Total
Consumer:									
Residential mortgage:									
Single-family residential:									
Pass [(3)]	$ 3,188,830	$ 3,340,789	$ 2,279,802	$ 1,594,525	$ 980,686	$ 1,959,974	$ —	$ —	$ 13,344,606
Criticized (accrual)	2,680	4,471	566	1,440	1,503	4,167	—	—	14,827
Criticized (nonaccrual) [(3)]	4,466	837	3,902	2,081	3,626	8,715	—	—	23,627
Subtotal single-family residential mortgage	3,195,976	3,346,097	2,284,270	1,598,046	985,815	1,972,856	—	—	13,383,060
YTD gross write-offs	—	—	—	—	—	—	—	—	—
HELOCs:									
Pass	3,641	3,882	1,734	3,153	729	9,251	1,551,074	126,280	1,699,744
Criticized (accrual)	565	1,219	1,872	101	185	1,470	2,548	1,089	9,049
Criticized (nonaccrual)	815	856	413	72	584	6,863	279	3,529	13,411
Subtotal HELOCs	5,021	5,957	4,019	3,326	1,498	17,584	1,553,901	130,898	1,722,204
YTD gross write-offs [(2)]	—	—	—	—	—	41	—	6	47
Total residential mortgage	3,200,997	3,352,054	2,288,289	1,601,372	987,313	1,990,440	1,553,901	130,898	15,105,264
YTD gross write-offs [(2)]	—	—	—	—	—	41	—	6	47
Other consumer:									
Pass	2,286	18,098	135	—	—	13,244	26,432	$ —	60,195
Criticized (accrual)	—	—	—	—	—	—	—	—	—
Criticized (nonaccrual)	—	—	—	—	—	—	132	—	132
Total other consumer	2,286	18,098	135	—	—	13,244	26,564	—	60,327
YTD gross write-offs [(2)]	—	—	—	—	—	—	—	—	—
Total consumer	**$ 3,203,283**	**$ 3,370,152**	**$ 2,288,424**	**$ 1,601,372**	**$ 987,313**	**$ 2,003,684**	**$ 1,580,465**	**$ 130,898**	**$ 15,165,591**
YTD total consumer gross write-offs [(2)]	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 41**	**$ —**	**$ 6**	**$ 47**
Total loans held-for-investment:									
Pass	**$ 8,877,690**	**$ 10,839,026**	**$ 6,723,921**	**$ 4,010,720**	**$ 3,326,731**	**$ 5,504,224**	**$ 11,739,785**	**$ 210,475**	**$ 51,232,572**
Criticized (accrual)	**145,219**	**111,430**	**207,962**	**64,855**	**67,738**	**158,049**	**119,744**	**1,089**	**876,086**
Criticized (nonaccrual)	**7,385**	**9,609**	**4,446**	**6,972**	**7,633**	**61,189**	**1,361**	**3,529**	**102,124**
Total	**$ 9,030,294**	**$ 10,960,065**	**$ 6,936,329**	**$ 4,082,547**	**$ 3,402,102**	**$ 5,723,462**	**$ 11,860,890**	**$ 215,093**	**$ 52,210,782**
YTD total loans held-for-investment gross write-offs [(2)]	**$ 350**	**$ 10,454**	**$ 424**	**$ 3,758**	**$ 9,748**	**$ 4,021**	**$ 1,593**	**$ 6**	**$ 30,354**

	December 31, 2022								
	Term Loans by Origination Year								
($ in thousands)	2022	2021	2020	2019	2018	Prior	Revolving Loans	Revolving Loans Converted to Term Loans (1)	Total
Commercial:									
C&I:									
Pass	$ 2,831,834	$ 2,053,215	$ 623,026	$ 392,013	$ 143,970	$ 97,605	$ 9,177,401	$ 20,548	$ 15,339,612
Criticized (accrual)	72,210	34,296	48,761	34,221	20,646	12,933	97,988	—	321,055
Criticized (nonaccrual)	18,722	4,797	10,733	243	5,618	10,315	—	—	50,428
Total C&I	2,922,766	2,092,308	682,520	426,477	170,234	120,853	9,275,389	20,548	15,711,095
CRE:									
Pass	4,178,780	2,404,634	1,505,150	1,771,679	1,471,710	1,909,925	165,653	22,009	13,429,540
Criticized (accrual)	3,518	60,573	159,424	40,095	91,132	32,173	1,455	16,716	405,086
Criticized (nonaccrual)	—	19,044	—	—	—	4,200	—	—	23,244
Subtotal CRE	4,182,298	2,484,251	1,664,574	1,811,774	1,562,842	1,946,298	167,108	38,725	13,857,870
Multifamily residential:									
Pass	1,500,289	892,598	641,677	519,614	350,044	625,293	11,325	—	4,540,840
Criticized (accrual)	—	—	—	707	4,276	27,076	—	—	32,059
Criticized (nonaccrual)	—	—	—	—	—	169	—	—	169
Subtotal multifamily residential	1,500,289	892,598	641,677	520,321	354,320	652,538	11,325	—	4,573,068
Construction and land:									
Pass	288,394	276,839	31,804	3,104	2,805	231	9,073	—	612,250
Criticized (accrual)	4,504	—	—	—	21,666	—	—	—	26,170
Criticized (nonaccrual)	—	—	—	—	—	—	—	—	—
Subtotal construction and land	292,898	276,839	31,804	3,104	24,471	231	9,073	—	638,420
Total CRE	5,975,485	3,653,688	2,338,055	2,335,199	1,941,633	2,599,067	187,506	38,725	19,069,358
Total commercial	**$ 8,898,251**	**$ 5,745,996**	**$ 3,020,575**	**$ 2,761,676**	**$ 2,111,867**	**$ 2,719,920**	**$ 9,462,895**	**$ 59,273**	**$ 34,780,453**
Consumer:									
Single-family residential:									
Pass (3)	$ 3,548,894	$ 2,453,717	$ 1,775,696	$ 1,101,965	$ 817,164	$ 1,500,359	$ —	$ —	$ 11,197,795
Criticized (accrual)	—	1,275	785	1,463	4,352	3,935	—	—	11,810
Criticized (nonaccrual) (3)	141	—	204	3,202	1,721	8,154	—	—	13,422
Subtotal single-family residential mortgage	3,549,035	2,454,992	1,776,685	1,106,630	823,237	1,512,448	—	—	11,223,027
HELOCs:									
Pass	520	3,583	7,336	3,203	525	8,960	1,958,692	127,401	2,110,220
Criticized (accrual)	—	6	—	—	—	—	4	1,079	1,089
Criticized (nonaccrual)	—	—	483	231	1,017	4,844	1,001	3,770	11,346
Subtotal HELOCs	520	3,589	7,819	3,434	1,542	13,804	1,959,697	132,250	2,122,655
Total residential mortgage	3,549,555	2,458,581	1,784,504	1,110,064	824,779	1,526,252	1,959,697	132,250	13,345,682
Other consumer:									
Pass	17,088	137	5,356	—	—	15,808	37,804	—	76,193
Criticized (accrual)	3	—	—	—	—	—	—	—	3
Criticized (nonaccrual)	—	—	—	—	—	—	99	—	99
Total other consumer	17,091	137	5,356	—	—	15,808	37,903	—	76,295
Total consumer	**$ 3,566,646**	**$ 2,458,718**	**$ 1,789,860**	**$ 1,110,064**	**$ 824,779**	**$ 1,542,060**	**$ 1,997,600**	**$ 132,250**	**$ 13,421,977**
Total by risk rating:									
Pass	$ 12,365,799	$ 8,084,723	$ 4,590,045	$ 3,791,578	$ 2,786,218	$ 4,158,181	$ 11,359,948	$ 169,958	$ 47,306,450
Criticized (accrual)	80,235	96,150	208,970	76,486	142,072	76,117	99,447	17,795	797,272
Criticized (nonaccrual)	18,863	23,841	11,420	3,676	8,356	27,682	1,100	3,770	98,708
Total	**$ 12,464,897**	**$ 8,204,714**	**$ 4,810,435**	**$ 3,871,740**	**$ 2,936,646**	**$ 4,261,980**	**$ 11,460,495**	**$ 191,523**	**$ 48,202,430**

(1) $29 million, $26 million and $6 million of total commercial loans, primarily comprised of CRE revolving loans, converted to term loans during the years ended December 31, 2023, 2022 and 2021, respectively. During the years ended December 31, 2023 and 2021, respectively, $44 million and $54 million of total consumer loans, comprised of HELOCs, converted to term loans. For the year ended December 31, 2022, no consumer loans converted to term loans.

(2) Excludes gross write-offs associated with loans the Company sold or settled.

(3) As of each of December 31, 2023 and 2022, $1 million of nonaccrual loans whose payments were guaranteed by the Federal Housing Administration were classified with a “Pass” rating.

Nonaccrual and Past Due Loans

Loans that are 90 or more days past due are generally placed on nonaccrual status, unless the loan is well-collateralized and in the process of collection. Loans that are less than 90 days past due but have identified deficiencies, such as when the full collection of principal or interest becomes uncertain, are also placed on nonaccrual status. The following tables present the aging analysis of loans held-for-investment as of December 31, 2023 and 2022:

	December 31, 2023					
($ in thousands)	**Current Accruing Loans**	**Accruing Loans 30-59 Days Past Due**	**Accruing Loans 60-89 Days Past Due**	**Total Accruing Past Due Loans**	**Total Nonaccrual Loans**	**Total Loans**
Commercial:						
C&I	$ 16,508,394	$ 28,550	$ 7,099	$ 35,649	$ 37,036	$ 16,581,079
CRE:						
CRE	14,750,315	1,719	1,798	3,517	23,249	14,777,081
Multifamily residential	5,017,897	597	—	597	4,669	5,023,163
Construction and land	650,617	13,251	—	13,251	—	663,868
Total CRE	20,418,829	15,567	1,798	17,365	27,918	20,464,112
Total commercial	**36,927,223**	**44,117**	**8,897**	**53,014**	**64,954**	**37,045,191**
Consumer:						
Residential mortgage:						
Single-family residential	13,313,455	29,285	15,943	45,228	24,377	13,383,060
HELOCs	1,687,301	12,266	9,226	21,492	13,411	1,722,204
Total residential mortgage	15,000,756	41,551	25,169	66,720	37,788	15,105,264
Other consumer	56,930	3,123	142	3,265	132	60,327
Total consumer	**15,057,686**	**44,674**	**25,311**	**69,985**	**37,920**	**15,165,591**
Total	**$ 51,984,909**	**$ 88,791**	**$ 34,208**	**$ 122,999**	**$ 102,874**	**$ 52,210,782**

	December 31, 2022					
($ in thousands)	**Current Accruing Loans**	**Accruing Loans 30-59 Days Past Due**	**Accruing Loans 60-89 Days Past Due**	**Total Accruing Past Due Loans**	**Total Nonaccrual Loans**	**Total Loans**
Commercial:						
C&I	$ 15,651,312	$ 6,482	$ 2,873	$ 9,355	$ 50,428	$ 15,711,095
CRE:						
CRE	13,820,441	14,185	—	14,185	23,244	13,857,870
Multifamily residential	4,571,899	678	322	1,000	169	4,573,068
Construction and land	638,420	—	—	—	—	638,420
Total CRE	19,030,760	14,863	322	15,185	23,413	19,069,358
Total commercial	**34,682,072**	**21,345**	**3,195**	**24,540**	**73,841**	**34,780,453**
Consumer:						
Residential mortgage:						
Single-family residential	11,183,134	13,523	12,130	25,653	14,240	11,223,027
HELOCs	2,102,523	7,700	1,086	8,786	11,346	2,122,655
Total residential mortgage	13,285,657	21,223	13,216	34,439	25,586	13,345,682
Other consumer	73,004	109	3,083	3,192	99	76,295
Total consumer	**13,358,661**	**21,332**	**16,299**	**37,631**	**25,685**	**13,421,977**
Total	**$ 48,040,733**	**$ 42,677**	**$ 19,494**	**$ 62,171**	**$ 99,526**	**$ 48,202,430**

The following table presents the amortized cost of loans on nonaccrual status for which there was no related allowance for loan losses as of both December 31, 2023 and 2022. Nonaccrual loans may not have an allowance for credit losses if the loan balances are well secured by collateral values and there is no loss expectation.

($ in thousands)	December 31, 2023	December 31, 2022
Commercial:		
C&I	$ 33,089	$ 11,398
CRE	22,653	22,944
Multifamily residential	4,235	—
Total commercial	**59,977**	**34,342**
Consumer:		
Single-family residential	4,852	2,998
HELOCs	7,256	7,245
Total consumer	**12,108**	**10,243**
Total nonaccrual loans with no related allowance for loan losses	**$ 72,085**	**$ 44,585**

Foreclosed Assets

The Company acquires assets from borrowers through loan restructurings, workouts, or foreclosures. Assets acquired may include real properties (e.g., real estate, land, and buildings) and commercial and personal properties. The Company recognizes foreclosed assets upon receiving assets in satisfaction of a loan (e.g., taking legal title or physical possession).

Foreclosed assets, consisting of OREO and other nonperforming assets, are included in *Other assets* on the Consolidated Balance Sheet. The Company had $11 million in foreclosed assets as of December 31, 2023, compared with $270 thousand as of December 31, 2022. The Company commences the foreclosure process on consumer mortgage loans after a borrower becomes more than 120 days delinquent in accordance with the Consumer Financial Protection Bureau guidelines. The carrying value of the consumer real estate loans that were in an active or suspended foreclosure process was $8 million and $7 million as of December 31, 2023 and 2022, respectively.

Loan Modifications to Borrowers Experiencing Financial Difficulty

Effective January 1, 2023, the Company adopted ASU 2022-02, which in part eliminated the accounting for TDR and enhanced disclosure requirements for loan modifications to borrowers experiencing financial difficulty. See *Note 1 — Summary of Significant Accounting Policies — Loan Modifications* to the Consolidated Financial Statements in this Form 10-K for additional information. As part of the Company's loss mitigation efforts, the Company may agree to modify the contractual terms of a loan to assist borrowers experiencing financial difficulty. The Company negotiates loan modifications on a case-by-case basis to achieve mutually agreeable terms that maximize loan collectability and meet the borrower's financial needs. The Company considers various factors to identify borrowers experiencing financial difficulty. The primary factor for consumer borrowers is delinquency status. For commercial loan borrowers, these factors include credit risk ratings, the probability of loan risk rating downgrades, and overall risk profile changes. The modification may include, but is not limited to, payment delays, interest rate reductions, term extensions, principal forgiveness, or a combination of such modifications. Commercial loan borrowers that require immaterial modifications such as insignificant interest rate changes, short-term extensions (90 days or less) from the original maturity date, or temporary waivers or extensions of financial covenants which would not constitute material credit actions, are generally not considered to be experiencing financial difficulty and are not included in the disclosure. Insignificant payment deferrals (three months or less in the last 12 months) are also not included in the disclosure.

The following table presents the amortized cost of loans that were modified during the year ended December 31, 2023 by loan class and modification type:

($ in thousands)	Year Ended December 31, 2023						
	Modification Type						
	Term Extension	Payment Delay	Combination: Term Extension/ Payment Delay	Combination: Rate Reduction/ Term Extension	Combination: Rate Reduction/ Payment Delay	Total	Modification as a % of Loan Class
Commercial:							
C&I	$ 62,704	$ 6,842	$ —	$ —	$ —	$ 69,546	0.42 %
CRE:							
CRE	13,939	—	—	32,470	—	46,409	0.23 %
Total CRE	13,939	—	—	32,470	—	46,409	
Total commercial	**76,643**	**6,842**	**—**	**32,470**	**—**	**115,955**	
Consumer:							
Residential mortgage:							
Single-family residential:	—	10,202	3,967	—	—	14,169	0.11 %
HELOCs	—	3,148	1,170	—	815	5,133	0.30 %
Total residential mortgage	—	13,350	5,137	—	815	19,302	
Total consumer	**—**	**13,350**	**5,137**	**—**	**815**	**19,302**	
Total	**$ 76,643**	**$ 20,192**	**$ 5,137**	**$ 32,470**	**$ 815**	**$ 135,257**	

The following table presents the financial effects of the loan modifications for the year ended December 31, 2023 by loan class and modification type:

($ in thousands)	Financial Effects of Loan Modifications			
	Year Ended December 31, 2023			
	Principal Forgiveness	Weighted-Average Interest Rate Reduction	Weighted-Average Term Extension (in years)	Weighted-Average Payment Delay (in years)
Commercial:				
C&I	$ 371 [(1)]	— % [(1)]	1.3 years	0.9 years
CRE	—	3.00 %	2.1 years	—
Consumer:				
Single-family residential	—	— %	9.3 years	1.8 years
HELOCs	—	0.11 %	14.2 years	4.6 years
Total	**$ 371**			

(1) Comprised of C&I loans modified during the year ended December 31, 2023 where the interest rate is waived in addition to principal forgiveness. No recorded investment was outstanding as of December 31, 2023.

A modified loan may become delinquent and may result in a payment default (generally 90 days past due) subsequent to modification. During the year ended December 31, 2023, two residential mortgage loans that were modified as payment delay totaling $1 million subsequently defaulted.

The Company closely monitors the performance of modified loans to borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. The following table presents the performance of loans that were modified as of December 31, 2023 since the adoption of ASU 2022-02 on January 1, 2023:

	Payment Performance as of December 31, 2023			
($ in thousands)	**Current**	**30-89 Days Past Due**	**90+ Days Past Due**	**Total**
Commercial:				
C&I	$ 52,087	$ 8,153	$ 9,306	$ 69,546
CRE:				
CRE	46,409	—	—	46,409
Total CRE	46,409	—	—	46,409
Total commercial	**98,496**	**8,153**	**9,306**	**115,955**
Consumer:				
Residential mortgage:				
Single-family residential	11,197	2,425	547	14,169
HELOCs	4,207	177	749	5,133
Total residential mortgage	15,404	2,602	1,296	19,302
Total consumer	**15,404**	**2,602**	**1,296**	**19,302**
Total	**$ 113,900**	**$ 10,755**	**$ 10,602**	**$ 135,257**

As of December 31, 2023, commitments to lend additional funds to borrowers whose loans were modified were $4 million.

Troubled Debt Restructurings Prior to the Adoption of ASU 2022-02

Prior to the adoption of ASU 2022-02, the Company accounted for a modification to the contractual terms of a loan that resulted in granting a concession to a borrower experiencing financial difficulties as a TDR. ASU 2022-02 eliminated TDR accounting prospectively for all restructurings occurring on or after January 1, 2023.

The following table presents the additions to TDRs for the years ended December 31, 2022, and 2021:

	Loans Modified as TDRs During the Year Ended							
	December 31, 2022				**December 31, 2021**			
($ in thousands)	**Number of Loans**	**Pre-Modification Outstanding Recorded Investment**	**Post-Modification Outstanding Recorded Investment (1)**	**Financial Impact (2)**	**Number of Loans**	**Pre-Modification Outstanding Recorded Investment**	**Post-Modification Outstanding Recorded Investment (1)**	**Financial Impact (2)**
Commercial:								
C&I	7	$ 69,050	$ 38,415	$ 12,638	5	$ 24,155	$ 20,263	$ 1,108
CRE:								
Multifamily residential	—	—	—	—	1	1,101	1,066	—
Total CRE	—	—	—	—	1	1,101	1,066	—
Total commercial	**7**	**69,050**	**38,415**	**12,638**	**6**	**25,256**	**21,329**	**1,108**
Consumer:								
Residential mortgage:								
HELOCs	2	662	697	2	—	—	—	—
Total residential mortgage	2	662	697	2	—	—	—	—
Total consumer	**2**	**662**	**697**	**2**	**—**	**—**	**—**	**—**
Total	**9**	**$ 69,712**	**$ 39,112**	**$ 12,640**	**6**	**$ 25,256**	**$ 21,329**	**$ 1,108**

(1) Includes subsequent payments after modification and reflects the balance as of December 31, 2022 and 2021.
(2) Includes charge-offs and specific reserves recorded since the modification date. Loans modified more than once are reported in the period they were first modified.

The following table presents the TDR post-modification outstanding balances by the primary modification type for the years ended December 31, 2022 and 2021:

	Modification Type During the Year Ended							
	December 31, 2022				December 31, 2021			
($ in thousands)	Principal (1)	Interest Rate Reduction	Other (2)	Total	Principal (1)	Interest Rate Reduction	Other	Total
Commercial:								
C&I	$ 24,238	$ —	$ 14,177	$ 38,415	$ 4,679	$ 15,584	$ —	$ 20,263
CRE:								
Multifamily residential	—	—	—	—	1,066	—	—	1,066
Total CRE	—	—	—	—	1,066	—	—	1,066
Total commercial	**24,238**	**—**	**14,177**	**38,415**	**5,745**	**15,584**	**—**	**21,329**
Consumer:								
Residential mortgage:								
HELOCs	697	—	—	697	—	—	—	—
Total residential mortgage	697	—	—	697	—	—	—	—
Total consumer	**697**	**—**	**—**	**697**	**—**	**—**	**—**	**—**
Total	**$ 24,935**	**$ —**	**$ 14,177**	**$ 39,112**	**$ 5,745**	**$ 15,584**	**$ —**	**$ 21,329**

(1) Includes forbearance payments, term extensions and principal deferments that modify the terms of the loan from principal and interest payments to interest payments only.
(2) Includes primarily funding to secure additional collateral and provide liquidity to collateral-dependent and term extension to C&I loans.

After a loan is modified as a TDR, the Company continues to monitor its performance under its most recent restructured terms. A TDR may become delinquent and result in payment default (generally 90 days past due) subsequent to restructuring. The following table presents information on loans that entered into default during the years ended December 31, 2022 and 2021 that were modified as TDRs during the 12 months preceding payment default:

	Loans Modified as TDRs that Subsequently Defaulted During the Year Ended December 31,			
	2022		2021	
($ in thousands)	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment
Commercial:				
C&I	2	$ 10,296	1	$ 11,431
Total commercial	**2**	**10,296**	**1**	**11,431**
Total	**2**	**$ 10,296**	**1**	**$ 11,431**

As of December 31, 2022, the remaining commitments to lend to borrowers whose terms of their outstanding owed balances were modified as TDRs was $16 million.

Allowance for Credit Losses

The Company has a current expected credit losses ("CECL") framework for all financial assets measured at amortized cost and certain off-balance sheet credit exposures. The Company's allowance for credit losses, which includes both the allowance for loan losses and the allowance for unfunded credit commitments, is calculated with the objective of maintaining a reserve sufficient to absorb losses inherent in our credit portfolios. The measurement of the allowance for credit losses is based on management's best estimate of lifetime expected credit losses, periodic evaluation of the loan portfolio, lending-related commitments and other relevant factors.

The allowance for credit losses is deducted from the amortized cost basis of a financial asset or a group of financial assets so that the balance sheet reflects the net amount the Company expects to collect. Amortized cost is the principal balance outstanding, net of purchase premiums and discounts, deferred fees and costs, and escrow advances. Subsequent changes in expected credit losses are recognized in net income as a provision for, or a reversal of, credit loss expense.

The allowance for credit losses estimation involves procedures to consider the unique risk characteristics of the portfolio segments. The majority of the Company's credit exposures that share risk characteristics with other similar exposures are collectively evaluated. The collectively evaluated loans include performing loans and unfunded credit commitments. If an exposure does not share risk characteristics with other exposures, the Company generally estimates expected credit losses on an individual basis.

Allowance for Collectively Evaluated Loans

The allowance for collectively evaluated loans consists of a quantitative component that assesses the different risk factors considered in our models and a qualitative component that considers risk factors external to the models. Each of these components are described below.

Quantitative Component — The Company applies quantitative methods to estimate loan losses by considering a variety of factors such as historical loss experience, the current credit quality of the portfolio, and an economic outlook over the life of the loan. The Company incorporates forward-looking information using macroeconomic scenarios which include variables that are considered key drivers of increases and decreases in credit losses. The Company utilizes a probability-weighted, multiple-scenario forecast approach. These scenarios may consist of a base forecast representing management's view of the most likely outcome, combined with downside or upside scenarios reflecting possible worsening or improving economic conditions. The quantitative models incorporate a probability-weighted calculation of these macroeconomic scenarios over a reasonable and supportable forecast period. If the life of the loans extends beyond the reasonable and supportable forecast period, the Company will consider historical experience or long-run macroeconomic trends over the remaining life of the loans to estimate the allowance for loan losses.

There were no changes to the reasonable and supportable forecast period, except to the C&I segment, and no changes to the reversion to the historical loss experience method in 2023 and 2022. The reasonable and supportable forecast period for the C&I segment changed from 11 quarters to eight quarters due to model redevelopment during the third quarter of 2023.

The following table provides key credit risk characteristics and macroeconomic variables that the Company uses to estimate the expected credit losses by portfolio segment:

Portfolio Segment	Risk Characteristics	Macroeconomic Variables
C&I	Age percentage, size at origination, delinquency status, sector and risk rating	Unemployment rate, Gross Domestic Product ("GDP"), and U.S. Treasury rates (1)
CRE, Multifamily residential, and Construction and land	Delinquency status, maturity date, collateral value, property type, and geographic location	Unemployment rate, GDP, and U.S. Treasury rates
Single-family residential and HELOCs	FICO score, delinquency status, maturity date, collateral value, and geographic location	Unemployment rate, GDP, and Home Price Indices
Other consumer	Loss rate approach	Immaterial (2)

(1) Macroeconomic variables were updated due to model redevelopment.
(2) Macroeconomic variables are included in the qualitative estimate.

Quantitative Component — Allowance for Loan Losses for the Commercial Loan Portfolio

The Company's C&I lifetime loss rate model estimates the loss rate expected over the life of a loan. This loss rate is applied to the amortized cost basis, excluding accrued interest receivable, to determine expected credit losses. The lifetime loss rate model's reasonable and supportable period spans eight quarters, thereafter immediately reverting to the historical average loss rate, expressed through the loan-level lifetime loss rate.

To generate estimates of expected loss at the loan level for CRE, multifamily residential, and construction and land loans, projected PDs and LGDs are applied to the estimated exposure at default, considering the term and payment structure of the loan. The forecast of future economic conditions returns to long-run historical economic trends within the reasonable and supportable period.

To estimate the life of a loan under both models, the contractual term of the loan is adjusted for estimated prepayments based on historical prepayment experience.

Quantitative Component — Allowance for Loan Losses for the Consumer Loan Portfolio

For single-family residential and HELOC loans, projected PDs and LGDs are applied to the estimated exposure at default, considering the term and payment structure of the loan, to generate estimates of expected loss at the loan level. The forecast of future economic conditions returns to long-run historical economic trends after the reasonable and supportable period. To estimate the life of a loan for the single-family residential and HELOC loan portfolios, the contractual term of the loan is adjusted for estimated prepayments based on historical prepayment experience. For other consumer loans, the Company uses a loss rate approach.

Qualitative Component — The Company also considers the following qualitative factors in the determination of the collectively evaluated allowance if these factors have not already been captured by the quantitative model. Such qualitative factors may include, but are not limited to:

- loan growth trends;
- the volume and severity of past due financial assets, and the volume and severity of criticized or adversely classified financial assets;
- the Company's lending policies and procedures, including changes in lending strategies, underwriting standards, collection, write-off and recovery practices;
- knowledge of a borrower's operations;
- the quality of the Company's credit review system;
- the experience, ability and depth of the Company's management and associates;
- the effect of other external factors such as the regulatory and legal environments, or changes in technology;
- actual and expected changes in international, national, regional, and local economic and business conditions in which the Company operates; and
- risk factors in certain industry sectors not captured by the quantitative models.

The magnitude of the impact of these factors on the Company's qualitative assessment of the allowance for credit losses changes from period to period according to changes made by management in its assessment of these factors. The extent to which these factors change may be dependent on whether they are already reflected in quantitative loss estimates during the current period and the extent to which changes in these factors diverge from period to period.

While the Company's allowance methodologies strive to reflect all relevant credit risk factors, there continues to be uncertainty associated with, but not limited to, potential imprecision in the estimation process due to the inherent time lag of obtaining information and normal variations between expected and actual outcomes. The Company may hold additional qualitative reserves that are designed to provide coverage for losses attributable to such risk.

Allowance for Individually Evaluated Loans

When a loan no longer shares similar risk characteristics with other loans, such as in the case of certain nonaccrual loans, the Company estimates the allowance for loan losses on an individual loan basis. The allowance for loan losses for individually evaluated loans is measured as the difference between the recorded value of the loans and their fair value. For loans evaluated individually, the Company uses one of three different asset valuation measurement methods: (1) the fair value of collateral less costs to sell; (2) the present value of expected future cash flows; or (3) the loan's observable market price. If an individually evaluated loan is determined to be collateral dependent, the Company applies the fair value of the collateral less costs to sell method. If an individually evaluated loan is determined not to be collateral dependent, the Company uses the present value of future cash flows or the observable market value of the loan.

- ***Collateral-Dependent Loans*** **—** The allowance of a collateral-dependent loan is limited to the difference between the recorded value and fair value of the collateral less cost of disposal or sale. As of December 31, 2023, collateral-dependent commercial and consumer loans totaled $30 million and $12 million, respectively. In comparison, collateral-dependent commercial and consumer loans totaled $47 million and $13 million, respectively, as of December 31, 2022. The collateral-dependent loans decreased from December 31, 2022, predominantly driven by the adoption of ASU 2022-02 which eliminated TDR guidance. The Company's collateral-dependent loans were secured by real estate. As of both December 31, 2023 and 2022, the collateral value of the properties securing the collateral-dependent loans, net of selling costs, exceeded the recorded value of the loans.

The following tables summarize the activity in the allowance for loan losses by portfolio segments for the years ended December 31, 2023, 2022 and 2021:

($ in thousands)		Year Ended December 31, 2023							
		Commercial				Consumer			
			CRE			Residential Mortgage			
		C&I	CRE	Multifamily Residential	Construction and Land	Single-Family Residential	HELOCs	Other Consumer	Total
Allowance for loan losses, December 31, 2022		$ 371,700	$ 149,864	$ 23,373	$ 9,109	$ 35,564	$ 4,475	$ 1,560	$ 595,645
Impact of ASU 2022-02 adoption		5,683	337	6	—	1	1	—	6,028
Allowance for loan losses, beginning of period		377,383	150,201	23,379	9,109	35,565	4,476	1,560	601,673
Provision for (reversal of) credit losses on loans	(a)	45,319	27,007	10,454	11,537	19,384	(424)	294	113,571
Gross charge-offs		(36,573)	(7,048)	(3)	(10,413)	—	(138)	(197)	(54,372)
Gross recoveries		6,803	432	545	236	69	33	—	8,118
Total net (charge-offs) recoveries		(29,770)	(6,616)	542	(10,177)	69	(105)	(197)	(46,254)
Foreign currency translation adjustment		(247)	—	—	—	—	—	—	(247)
Allowance for loan losses, end of period		**$ 392,685**	**$ 170,592**	**$ 34,375**	**$ 10,469**	**$ 55,018**	**$ 3,947**	**$ 1,657**	**$ 668,743**

($ in thousands)		Year Ended December 31, 2022							
		Commercial				Consumer			
			CRE			Residential Mortgage			
		C&I	CRE	Multifamily Residential	Construction and Land	Single-Family Residential	HELOCs	Other Consumer	Total
Allowance for loan losses, beginning of period		$ 338,252	$ 150,940	$ 14,400	$ 15,468	$ 17,160	$ 3,435	$ 1,924	$ 541,579
Provision for (reversal of) credit losses on loans	(a)	37,604	8,212	15,651	(6,433)	18,867	1,124	(258)	74,767
Gross charge-offs		(18,738)	(10,871)	(7,237)	—	(775)	(193)	(106)	(37,920)
Gross recoveries		16,824	1,583	559	74	312	109	—	19,461
Total net (charge-offs) recoveries		(1,914)	(9,288)	(6,678)	74	(463)	(84)	(106)	(18,459)
Foreign currency translation adjustment		(2,242)	—	—	—	—	—	—	(2,242)
Allowance for loan losses, end of period		**$ 371,700**	**$ 149,864**	**$ 23,373**	**$ 9,109**	**$ 35,564**	**$ 4,475**	**$ 1,560**	**$ 595,645**

($ in thousands)		Year Ended December 31, 2021							
		Commercial				Consumer			
			CRE			Residential Mortgage			
		C&I	CRE	Multifamily Residential	Construction and Land	Single-Family Residential	HELOCs	Other Consumer	Total
Allowance for loan losses, beginning of period		$ 398,040	$ 163,791	$ 27,573	$ 10,239	$ 15,520	$ 2,690	$ 2,130	$ 619,983
(Reversal of) provision for credit losses on loans	(a)	(39,732)	14,282	(15,076)	7,576	1,965	745	1,286	(28,954)
Gross charge-offs		(32,490)	(28,430)	(130)	(2,954)	(1,046)	(45)	(1,497)	(66,592)
Gross recoveries		11,906	1,297	2,033	607	721	45	5	16,614
Total net (charge-offs) recoveries		(20,584)	(27,133)	1,903	(2,347)	(325)	—	(1,492)	(49,978)
Foreign currency translation adjustment		528	—	—	—	—	—	—	528
Allowance for loan losses, end of period		**$ 338,252**	**$ 150,940**	**$ 14,400**	**$ 15,468**	**$ 17,160**	**$ 3,435**	**$ 1,924**	**$ 541,579**

In addition to the allowance for loan losses, the Company maintains an allowance for unfunded credit commitments. The Company has three general areas for which it provides the allowance for unfunded credit commitments: (1) recourse obligations for loans sold, (2) letters of credit, and (3) unfunded lending commitments. The allowance for unfunded credit commitments is maintained at a level that management believes to be sufficient to absorb estimated expected credit losses related to unfunded credit facilities. See *Note 12 — Commitments and Contingencies* to the Consolidated Financial Statements in this Form 10-K for additional information related to unfunded credit commitments. The following table summarizes the activities in the allowance for unfunded credit commitments for the years ended December 31, 2023, 2022 and 2021:

		Year Ended December 31,		
($ in thousands)		**2023**	**2022**	**2021**
Unfunded credit facilities				
Allowance for unfunded credit commitments, beginning of period		$ 26,264	$ 27,514	$ 33,577
Provision for (reversal of) credit losses on unfunded credit commitments	(b)	11,429	(1,267)	(6,046)
Foreign currency translation adjustments		6	17	(17)
Allowance for unfunded credit commitments, end of period		**37,699**	**26,264**	**27,514**
Provision for (reversal of) credit losses	**(a) + (b)**	**$ 125,000**	**$ 73,500**	**$ (35,000)**

The allowance for credit losses was $706 million as of December 31, 2023, compared with $622 million as of December 31, 2022. The increase in the allowance for credit losses was primarily driven by net loan growth and economic forecasts that reflect continued caution regarding inflation, the high interest rate environment and the CRE market outlook.

The Company considers multiple economic scenarios to develop the estimate of the allowance for loan losses. The scenarios may consist of a baseline forecast representing management's view of the most likely outcome, and downside or upside scenarios that reflect possible worsening or improving economic conditions. As of both December 31, 2023 and 2022, the Company assigned the same weightings to its baseline, upside, and downside scenarios. The current baseline economic forecast continues to reflect key risks such as high inflation, high interest rates, concerns over global conflicts and oil prices. Compared with the December 2022 forecast, the 2023 baseline forecast projected lower annual GDP growth for 2023 and beyond, and a similarly higher unemployment rate for 2023 and beyond. The downside scenario assumed the economy falls into recession in the first quarter of 2024 as a result of an extended federal government shutdown, global and domestic political tensions, high inflation, and increased unemployment. The upside scenario assumed a more optimistic economic outlook for 2024, including stronger growth, stable financial market, and full employment starting in the first quarter of 2024.

Loan Transfers, Sales and Purchases

The Company's primary business focus is on directly originated loans. The Company also purchases loans and participates in loan financing with other banks. In the normal course of doing business, the Company also provides other financial institutions with the ability to participate in commercial loans that it originates, by selling loans to such institutions. Purchased loans may be transferred from held-for-investment to held-for-sale, and write-downs to allowance for loan losses are recorded, when appropriate. The following tables provide information on the carrying value of loans transferred, sold and purchased for the held-for-investment portfolio, during the years ended December 31, 2023, 2022 and 2021:

	Year Ended December 31, 2023					
	Commercial				Consumer	
		CRE			Residential Mortgage	
($ in thousands)	**C&I**	**CRE**	**Multifamily Residential**	**Construction and Land**	**Single-Family Residential**	**Total**
Loans transferred from held-for-investment to held-for-sale [1]	$ 647,943	$ 83,282	$ —	$ 8,154	$ —	$ 739,379
Sales [2][3]	$ 674,919	$ 86,749	$ —	$ 8,154	$ —	$ 769,822
Purchases [4]	$ 106,493	$ —	$ —	$ —	$ 493,282	$ 599,775

($ in thousands)	Year Ended December 31, 2022					
	Commercial				Consumer	
		CRE			Residential Mortgage	
	C&I	CRE	Multifamily Residential	Construction and Land	Single-Family Residential	Total
Loans transferred from held-for-investment to held-for-sale [1]	$ 530,524	$ 88,075	$ —	$ —	$ 5,178	$ 623,777
Loans transferred from held-for-sale to held-for-investment	$ —	$ —	$ —	$ —	$ 631	$ 631
Sales [2][3]	$ 501,289	$ 88,075	$ —	$ —	$ 6,403	$ 595,767
Purchases [4]	$ 363,549	$ —	$ —	$ —	$ 293,721	$ 657,270

($ in thousands)	Year Ended December 31, 2021					
	Commercial				Consumer	
		CRE			Residential Mortgage	
	C&I	CRE	Multifamily Residential	Construction and Land	Single-Family Residential	Total
Loans transferred from held-for-investment to held-for-sale [1]	$ 496,655	$ 78,834	$ —	$ 18,883	$ 5,238	$ 599,610
Sales [2][3]	$ 502,694	$ 78,834	$ —	$ 21,557	$ 18,458	$ 621,543
Purchases [4]	$ 476,690	$ —	$ 370	$ —	$ 564,651	$ 1,041,711

(1) Includes write-downs of $5 million, $3 million and $12 million to the allowance for loan losses related to loans transferred from held-for-investment to held-for-sale for the years ended December 31, 2023, 2022 and 2021, respectively.

(2) Includes originated loans sold of $513 million, $388 million and $413 million for the years ended December 31, 2023, 2022 and 2021, respectively. Originated loans sold consisted primarily of C&I and CRE loans for all periods.

(3) Includes $256 million of purchased loans sold in the secondary market for the year ended December 31, 2023, compared with $208 million for each of the years ended December 31, 2022 and 2021.

(4) C&I loan purchases were comprised primarily of syndicated C&I term loans.

Note 7 — Investments in Qualified Affordable Housing Partnerships, Tax Credit and Other Investments, Net and Variable Interest Entities

The CRA encourages banks to meet the credit needs of their communities, particularly low- and moderate-income individuals and neighborhoods. The Company invests in certain affordable housing projects in the form of ownership interests in limited partnerships or limited liability companies that qualify for CRA consideration and tax credits. These entities are formed to develop and operate apartment complexes designed as high-quality affordable housing for lower income tenants throughout the U.S. To fully utilize the available tax credits, each of these entities must meet the regulatory affordable housing requirements for a 15-year minimum compliance period. In addition to affordable housing projects, the Company invests in small business investment companies and new market tax credit projects that qualify for CRA consideration, as well as eligible projects that qualify for renewable energy and historic tax credits. Investments in renewable energy tax credits help promote the development of renewable energy sources, and investments in historic tax credits promote the rehabilitation of historic buildings and economic revitalization of the surrounding areas. For the Company's accounting policies on tax credit investments, see *Note 1 — Summary of Significant Accounting Policies — Significant Accounting Policies — Securities* and *Investments in Qualified Affordable Housing Partnerships, Tax Credit and Other Investments, Net* in this Form 10-K. For discussion on the Company's impairment evaluation and monitoring process of tax credit investments, refer to *Note 2 — Fair Value Measurement and Fair Value of Financial Instruments — Investments in Qualified Affordable Housing Partnerships, Tax Credit and Other Investments, Net* to the Consolidated Financial Statements in this Form 10-K.

The following table presents the investments and unfunded commitments of the Company's qualified affordable housing partnerships, tax credit, and other investments, net as of December 31, 2023 and 2022:

	December 31,							
	2023				2022			
($ in thousands)		Assets		Liabilities - Unfunded Commitments [1]		Assets		Liabilities - Unfunded Commitments [1]
Investments in qualified affordable housing partnerships, net	$	419,785	$	251,746	$	413,253	$	266,654
Investments in tax credit and other investments, net		485,251		298,990		350,003		185,797
Total	**$**	**905,036**	**$**	**550,736**	**$**	**763,256**	**$**	**452,451**

(1) Included in *Accrued expenses and other liabilities* on the Consolidated Balance Sheet.

Investments in tax credit and other investments, net presented in the table above include equity securities that are mutual funds with readily determinable fair values of $25 million and $24 million, as of December 31, 2023 and 2022, respectively. The Company invests in these mutual funds for CRA purposes.

The following table presents additional information related to the investments in qualified affordable housing partnerships, tax credit and other investments for the years ended December 31, 2023, 2022 and 2021:

	Year Ended December 31,					
($ in thousands)	2023		2022		2021	
Investments in qualified housing partnerships, net						
Tax credits and other tax benefits recognized	$	60,939	$	52,132	$	50,643
Amortization expense included in income tax expense	$	43,041	$	38,759	$	33,248
Investments in tax credit and other investments, net						
Amortization of tax credit and other investments [1]	$	120,299	$	113,358	$	122,457
Unrealized gains (losses) on equity securities with readily determinable values	$	255	$	(2,958)	$	(746)

(1) Includes net impairment recoveries of $1 million, $469 thousand and $1 million for the years ended December 31, 2023, 2022 and 2021, respectively. The activity was primarily related to historic and/or energy tax credits.

As of December 31, 2023, the Company's unfunded commitments related to investments in qualified affordable housing partnerships, tax credit and other investments, net are estimated to be funded as follows:

($ in thousands)		Amount
2024	$	339,628
2025		178,171
2026		17,882
2027		2,527
2028		2,115
Thereafter		10,413
Total	**$**	**550,736**

Variable Interest Entities

The majority of both the investments in affordable housing partnerships and tax credit and other investments discussed above are variable interest entities where the Company is a limited partner in these partnerships, and an unrelated third party is typically the general partner or managing member who has control over the significant activities of these investments. While the Company's interest in some of the investments may exceed 50% of the outstanding equity interests, the Company does not consolidate these investments due to the general partner's or managing member's ability to manage the entity, which is indicative of the general partner's or managing member's power over the entity. The Company's maximum exposure to loss in connection with these partnerships consists of the unamortized investment balance and any tax credits claimed that may become subject to recapture.

Other Investments

The Company acquired a 49.99% equity interest in Rayliant during the third quarter of 2023. Rayliant is an asset manager specializing in asset allocation and investment in developed and emerging markets. This investment will expand the Bank's wealth management business and provide its customers with additional access to institutional-quality investment management products and services. The investment in Rayliant is accounted for under the equity method of accounting and is included in *Other assets* on the Consolidated Balance Sheet. The Company paid $95 million in cash and granted performance-based RSUs that are contingently issuable at vesting. The performance-based RSUs will vest on September 1, 2028 into a variable number of the Company's shares of common stock, ranging from 20% to 200% of the 349,138 shares initially underlying such performance-based RSUs, based on Rayliant's achievement of certain financial performance targets during the future performance period. For additional information related to these equity contracts accounted for as derivative liability, refer to Note 2 — *Fair Value Measurement and Fair Value of Financial Instruments* and *Note 5 — Derivatives* to the Consolidated Financial Statements in this Form 10-K. The carrying value of the Company's investment in Rayliant was $109 million as of December 31, 2023, of which $101 million was comprised of equity method goodwill.

The Company also held equity securities without readily determinable fair values totaling $146 million and $37 million as of December 31, 2023 and 2022, respectively. These equity securities without readily determinable fair values are included in *Other Assets* on the Consolidated Balance Sheet.

Note 8 — Goodwill

Total goodwill was $466 million as of both December 31, 2023 and 2022. The Company's goodwill impairment test is performed annually, as of December 31, or more frequently as events occur or circumstances change that would more-likely-than-not reduce the fair value of a reporting unit below its carrying value. The Company completed its annual goodwill impairment test as of December 31, 2023 by using a quantitative assessment, and concluded goodwill was not impaired. Additional information pertaining to the Company's accounting policy for goodwill is summarized in *Note 1 — Summary of Significant Accounting Policies — Significant Accounting Policies — Goodwill* to the Consolidated Financial Statements in this Form 10-K.

Note 9 — Deposits

The following table presents the composition of the Company's deposits as of December 31, 2023 and 2022:

	December 31,	
($ in thousands)	**2023**	**2022**
Deposits:		
Noninterest-bearing demand	$ 15,539,872	$ 21,051,090
Interest-bearing checking	7,558,908	6,672,165
Money market	13,108,727	12,265,024
Savings:		
Domestic office	1,638,916	2,425,784
Foreign office	202,551	223,253
Time deposits [(1)]:		
Domestic office	16,037,287	11,878,734
Foreign office	2,006,177	1,451,799
Total deposits	**$ 56,092,438**	**$ 55,967,849**

(1) The aggregate amount of time deposits that met or exceeded the deposit insurance limit was $13.6 billion and $10.6 billion as of December 31, 2023 and 2022, respectively.

The following table presents the scheduled maturities of time deposits for the five years succeeding December 31, 2023:

($ in thousands)		Amount
2024	$	17,580,178
2025		134,264
2026		186,448
2027		139,279
2028		3,295
Total	**$**	**18,043,464**

Note 10 — Short-Term Borrowings and Long-Term Debt

The following table presents details of the Company's junior subordinated debt and short-term borrowings as of December 31, 2023 and 2022,

			December 31,			
			2023		2022	
($ in thousands)	Interest Rate	Maturity Dates	Amount		Amount	
Parent company						
Junior subordinated debt [1] — floating [2]	7.00% — 7.55%	2034 — 2037	$	148,249	$	147,950
Bank						
Short-term borrowings	4.37%	3/19/2024	$	4,500,000	$	—

(1) The weighted-average contractual interest rates for junior subordinated debt were 6.87% and 3.49% as of December 31, 2023 and 2022, respectively.

(2) During the third quarter of 2023, all junior subordinated debt that referenced London Interbank Offered Rate transitioned to a Secured Overnight Financing Rate ("SOFR")-based replacement rate plus the applicable stated margin.

Short-Term Borrowings — Bank Term Funding Program

As of December 31, 2023 , the Company's short-term borrowings consisted of funds from the Bank Term Funding Program ("BTFP"), which was designed by the Federal Reserve to provide additional liquidity to U.S. depository institutions. The advances are limited to the par value of eligible collateral pledged by the borrower, for a term of up to one year. U.S. federally insured depository institutions can request advances under the BTFP until at least March 11, 2024.

The Company pledged eligible U.S. government agency and U.S. government-sponsored enterprise debt and mortgage-backed securities, and U.S. Treasury securities as collateral for the borrowings under the BTFP. As of December 31, 2023, the carrying amount of the Company's pledged securities to the BTFP totaled $4.3 billion with a remaining borrowing capacity of $121 million. In comparison, there were no short-term borrowings as of December 31, 2022.

Long-Term Debt — Junior Subordinated Debt

As of December 31, 2023, East West had six statutory business trusts for the purpose of issuing junior subordinated debt to third party investors. The junior subordinated debt was issued in connection with the East West's various pooled trust preferred securities offerings. The Trusts issued both fixed and variable rate capital securities, representing undivided preferred beneficial interests in the assets of the Trusts, to third party investors. East West is the owner of all the beneficial interests represented by the common securities of the Trusts. The junior subordinated debt is recorded as a component of *long-term debt* and includes the value of the common stock issued by six of East West's wholly-owned subsidiaries in conjunction with these transactions. The common stock is recorded in *Other assets* on the Consolidated Balance Sheet for the amount issued in connection with these junior subordinated debt issuances. The proceeds from these issuances represent liabilities of East West to the Trusts and are reported as a component of *Long-term debt* on the Consolidated Balance Sheet. Interest payments on these securities are disbursed quarterly and are deductible for tax purposes.

The following table presents the outstanding junior subordinated debt issued by each trust as of December 31, 2023 and 2022:

				December 31, 2023		December 31, 2022	
Issuer	Stated Maturity [1]	Stated Interest Rate	Current Rate	Aggregate Principal Amount of Trust Securities	Aggregate Principal Amount of the Junior Subordinated Debt	Aggregate Principal Amount of Trust Securities	Aggregate Principal Amount of the Junior Subordinated Debt
($ in thousands)							
East West Capital Trust V	November 2034	3-month CME Term SOFR + 2.06%	7.44%	$ 464	$ 15,000	$ 464	$ 15,000
East West Capital Trust VI	September 2035	3-month CME Term SOFR + 1.76%	7.15%	619	20,000	619	20,000
East West Capital Trust VII	June 2036	3-month CME Term SOFR + 1.61%	7.00%	928	30,000	928	30,000
East West Capital Trust VIII	June 2037	3-month CME Term SOFR + 1.66%	7.02%	619	18,000	619	18,000
East West Capital Trust IX	September 2037	3-month CME Term SOFR + 2.16%	7.55%	928	30,000	928	30,000
MCBI Statutory Trust I	December 2035	3-month CME Term SOFR + 1.81%	7.20%	1,083	35,000	1,083	35,000
Total				**$ 4,641**	**$ 148,000**	**$ 4,641**	**$ 148,000**

(1) The debt instruments above mature in more than five years after December 31, 2023 and are subject to call options where early redemption requires appropriate notice.

Note 11 — Income Taxes

The following table presents the components of income tax expense (benefit) for the years ended December 31, 2023, 2022 and 2021:

	Year Ended December 31,		
($ in thousands)	**2023**	**2022**	**2021**
Current income tax expense (benefit):			
Federal	$ 172,428	$ 163,797	$ 84,249
State	173,080	160,629	95,939
Foreign	2,240	3,133	(1,554)
Total current income tax expense	347,748	327,559	178,634
Deferred income tax (benefit) expense:			
Federal	(24,319)	(23,484)	1,528
State	(23,415)	(21,835)	3,259
Foreign	(1,405)	1,331	(25)
Total deferred income tax (benefit) expense	(49,139)	(43,988)	4,762
Income tax expense	**$ 298,609**	**$ 283,571**	**$ 183,396**

The following table presents the reconciliation of the federal statutory rate to the Company's effective tax rate for the years ended December 31, 2023, 2022 and 2021:

	Year Ended December 31,		
	2023	**2022**	**2021**
Statutory U.S. federal tax rate	21.0 %	21.0 %	21.0 %
U.S. state income taxes, net of U.S. federal income tax effect	8.1	7.8	7.4
Tax credits and benefits, net of related expenses	(9.9)	(8.9)	(11.3)
Other, net	1.3	0.2	0.3
Effective tax rate	**20.5 %**	**20.1 %**	**17.4 %**

The following table summarizes the tax effects of temporary differences that give rise to a significant portion of deferred tax assets and liabilities as of December 31, 2023 and 2022:

	December 31,	
($ in thousands)	**2023**	**2022**
Deferred tax assets:		
Allowance for credit losses and nonperforming assets valuation allowance	$ 217,731	$ 191,187
Investments in qualified affordable housing partnerships, tax credit and other investments, net	28,216	21,011
Stock compensation and other accrued compensation	33,169	25,857
Interest income on nonaccrual loans	7,034	5,185
State taxes	9,885	13,259
Net unrealized losses on debt securities and derivatives	242,303	309,837
Premises and equipment	1,782	3,827
Lease liabilities	32,636	34,859
FDIC special assessment charge	22,212	—
Other	9,019	6,169
Total deferred tax assets	**$ 603,987**	**$ 611,191**
Deferred tax liabilities:		
Equipment lease financing	$ 15,564	$ 27,237
Investments in qualified affordable housing partnerships, tax credit and other investments, net	23,103	7,709
FHLB stock dividends	1,947	1,926
Mortgage servicing assets	2,102	1,963
Acquired debts	1,398	1,477
Prepaid expenses	2,981	2,478
Operating lease right-of-use assets	30,272	32,606
Other	7,871	6,270
Total deferred tax liabilities	**$ 85,238**	**$ 81,666**
Net deferred tax assets	**$ 518,749**	**$ 529,525**

As of both December 31, 2023 and 2022, the Company concluded that no valuation allowance was necessary to reduce the deferred tax assets since estimated future taxable income will be sufficient to utilize these assets. For further information on the Company's valuation policy on deferred taxes, see *Note 1 — Summary of Significant Accounting Policies — Significant Accounting Policies — Income Taxes* to the Consolidated Financial Statements in this Form 10-K.

The following table presents a reconciliation of the beginning and ending balances of unrecognized tax benefits for the years ended December 31, 2023, 2022 and 2021:

	Year Ended December 31,		
($ in thousands)	**2023**	**2022**	**2021**
Beginning balance	**$ 477**	**$ 5,045**	**$ 5,045**
Additions for tax positions related to prior years	459	—	—
Additions for tax positions related to current year	257	—	—
Settlements with taxing authorities	—	(4,568) [(1)]	—
Ending balance	**$ 1,193**	**$ 477**	**$ 5,045**

(1) In 2022, the Company settled an issue regarding previously claimed tax credits related to DC Solar and affiliates.

The Company recognizes interest and penalties, as applicable, related to the underpayment of income taxes as a component of *Income tax expense* on the Consolidated Statement of Income. The amount of net interest and penalties related to unrecognized tax benefits was immaterial for all periods presented.

The Company files federal income tax returns, as well as returns in various state and foreign jurisdictions. We are routinely examined by tax authorities in these various jurisdictions. The Company is subject to federal income tax examination for the tax years 2020 and forward. The Company is also subject to tax examination in various state and local jurisdictions for the tax years 2017 and forward. The Company does not believe that the outcome of unresolved issues or claims in any of the tax jurisdictions is likely to be material on the Company's Consolidated Financial Statements. The Company believes that adequate provisions have been recorded for all income tax uncertainties consistent with ASC 740, *Income Taxes* as of December 31, 2023.

Note 12 — Commitments and Contingencies

Commitments to Extend Credit — In the normal course of business, the Company provides loan commitments and letters of credit to customers on predetermined terms. These outstanding commitments to extend credit are not reflected in the accompanying Consolidated Financial Statements. While the Company does not anticipate losses from these transactions, commitments to extend credit are included in determining the appropriate level of allowance for unfunded credit commitments.

The following table presents the Company's credit-related commitments as of December 31, 2023 and 2022:

	December 31,					
	2023					2022
($ in thousands)	Expire in One Year or Less	Expire After One Year Through Three Years	Expire After Three Years Through Five Years	Expire After Five Years	Total	Total
Loan commitments	$ 4,576,927	$ 3,511,660	$ 889,219	$ 163,641	$ 9,141,447	$ 8,211,571
Commercial letters of credit and SBLCs	953,220	387,008	137,758	1,132,775	2,610,761	2,291,966
Total	**$ 5,530,147**	**$ 3,898,668**	**$ 1,026,977**	**$ 1,296,416**	**$ 11,752,208**	**$ 10,503,537**

Loan commitments are agreements to lend to customers provided there are no violations of any conditions established in the agreement. Commitments generally have fixed expiration dates or other termination clauses and may require commitment fees. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future funding requirements.

Commercial letters of credit are issued to facilitate domestic and foreign trade transactions, while SBLCs are generally contingent upon the failure of the customers to perform according to the terms of the underlying contract with the third party. As a result, the total contractual amounts do not necessarily represent future funding requirements. The Company's historical experience is that SBLCs typically expire without being funded. Additionally, in many cases, the Company holds collateral in various forms against these SBLCs. As part of its risk management activities, the Company monitors the creditworthiness of customers in conjunction with its SBLC exposure. Customers are obligated to reimburse the Company for any payment made on the customers' behalf. If the customers fail to pay, the Company would, as applicable, liquidate the collateral and/or offset existing accounts. As of December 31, 2023, total letters of credit of $2.6 billion consisted of SBLCs of $2.6 billion and commercial letters of credit of $24 million. In comparison, as of December 31, 2022, total letters of credit of $2.3 billion consisted of SBLCs of $2.3 billion and commercial letters of credit of $22 million. As of both December 31, 2023 and 2022, substantially all SBLCs were graded "Pass" using the Bank's internal credit risk rating system.

The Company applies the same credit underwriting criteria to extend loans, commitments and conditional obligations to customers. Each customer's creditworthiness is evaluated on a case-by-case basis. Collateral and financial guarantees may be obtained based on management's assessment of a customer's credit risk. Collateral may include cash, accounts receivable, inventory, personal property, plant and equipment, and real estate property.

Estimated exposure to loss from these commitments is included in the allowance for unfunded credit commitments, and amounted to $38 million and $26 million as of December 31, 2023 and 2022, respectively.

Guarantees — From time to time, the Company sells or securitizes single-family and multifamily residential loans with recourse in the ordinary course of business. The Company is obligated to repurchase up to the recourse component of the loans if the loans default. The following table presents the carrying amounts of loans sold or securitized with recourse and the maximum potential future payments as of December 31, 2023 and 2022:

	Maximum Potential Future Payments						Carrying Value	
	December 31,						December 31,	
	2023					2022	2023	2022
($ in thousands)	Expire in One Year or Less	Expire After One Year Through Three Years	Expire After Three Years Through Five Years	Expire After Five Years	Total	Total	Total	Total
Single-family residential loans sold or securitized with recourse	$ 17	$ 19	$ 28	$ 5,824	$ 5,888	$ 6,781	$ 5,888	$ 6,781
Multifamily residential loans sold or securitized with recourse	—	—	165	14,831	14,996	14,996	19,020	21,320
Total	**$ 17**	**$ 19**	**$ 193**	**$ 20,655**	**$ 20,884**	**$ 21,777**	**$ 24,908**	**$ 28,101**

The Company's recourse reserve related to these guarantees is included in the allowance for unfunded credit commitments and totaled $40 thousand and $37 thousand as of December 31, 2023 and 2022, respectively. The allowance for unfunded credit commitments is included in *Accrued expenses and other liabilities* on the Consolidated Balance Sheet. The Company continues to experience minimal losses from the single-family and multifamily residential loan portfolios sold or securitized with recourse.

Litigation — The Company is a party to various legal actions arising in the ordinary course of its business. In accordance with ASC 450, *Contingencies*, the Company accrues reserves for outstanding lawsuits, claims and proceedings when a loss contingency is probable and can be reasonably estimated. The Company estimates the amount of loss contingencies using current available information from legal proceedings, advice from legal counsel and available insurance coverage. Due to the inherent subjectivity of the assessments and unpredictability of the outcomes of the legal proceedings, any amounts accrued or included in this aggregate amount may not represent the ultimate loss to the Company from the legal proceedings in question. Thus, the Company's exposure and ultimate losses may be higher, and possibly significantly more than the amounts accrued.

While it is impossible to ascertain the ultimate resolution or range of financial liability, based on information known to the Company as of December 31, 2023, the Company does not believe there are any pending legal proceedings to which the Company is a party that, individually or in the aggregate, would reasonably be expected to have a material adverse effect on the Company's financial condition. In light of the inherent uncertainty in legal proceedings, however, there can be no assurance that the ultimate resolution will not exceed established reserves and it is possible that the outcome of a particular matter, or a combination of matters, may be material to the Company's financial condition for a particular period, depending upon the size of the loss and the Company's income for that particular period.

Note 13 — Stock Compensation Plans

Pursuant to the Company's 2021 Stock Incentive Plan, as amended, the Company may issue stock, stock options, restricted stock, RSUs including performance-based RSUs, stock purchase warrants, stock appreciation rights, phantom stock and dividend equivalents to eligible employees, non-employee directors, consultants, and other service providers of East West and its subsidiaries. The Company has granted RSUs as its primary incentive awards. There were no outstanding awards other than RSUs as of December 31, 2023, 2022 and 2021. An aggregate of 17 million shares of common stock were authorized under the 2021 Stock Incentive Plan, and the total number of shares available for grant was approximately 4 million as of December 31, 2023.

The following table presents a summary of the total share-based compensation expense and the related net tax benefits associated with the Company's various employee share-based compensation plans for the years ended December 31, 2023, 2022 and 2021:

	Year Ended December 31,		
($ in thousands)	**2023**	**2022**	**2021**
Stock compensation costs	$ 39,867	$ 37,601	$ 32,567
Related net tax benefits for stock compensation plans	$ 8,959	$ 5,293	$ 1,760

Restricted Stock Units — RSUs are granted under the Company's long-term incentive plan at no cost to the recipient. RSUs generally cliff vest after three years of continued employment from the date of the grant, and are authorized to settle in shares of the Company's common stock. Dividends are accrued during the vesting period and paid at the time of vesting. While a portion of RSUs are time-based vesting awards, others vest subject to attainment of additional specified performance goals, referred to as "performance-based RSUs." Performance-based RSUs are granted annually upon approval by the Company's Compensation and Management Development Committee based on the performance in the year prior to the grant date of the award. The number of awards that vest can range from zero percent to a maximum of 200% of the granted number of awards based on the Company's achievement of specified performance criteria over a performance period of three years. For information on accounting on stock-based compensation plans, see *Note 1 — Summary of Significant Accounting Policies — Significant Accounting Policies — Stock-Based Compensation* to the Consolidated Financial Statements in this Form 10-K.

The following table presents a summary of the activities for the Company's time-based and performance-based RSUs that were settled in shares for the year ended December 31, 2023. The number of performance-based RSUs stated below reflects the number of awards granted on the grant date:

	Time-Based RSUs		Performance-Based RSUs	
	Shares	**Weighted-Average Grant Date Fair Value**	**Shares**	**Weighted-Average Grant Date Fair Value**
Outstanding, January 1, 2023	1,296,866	$ 60.77	332,510	$ 60.40
Granted	515,218	$ 73.13	96,271	$ 79.93
Vested	(543,032)	$ 40.93	(152,558)	$ 39.79
Forfeited	(62,534)	$ 74.04	—	$ —
Outstanding, December 31, 2023	**1,206,518**	**$ 74.29**	**276,223**	**$ 78.59**

The weighted-average grant date fair value of the time-based RSUs granted during the years ended December 31, 2023, 2022, and 2021 was $73.13, $78.15, and $71.88, respectively. The weighted-average grant date fair value of the performance-based RSUs granted during the years ended December 31, 2023, 2022 and 2021 was $79.93, $77.91 and $77.67, respectively. The total fair value of time-based RSUs that vested during the years ended December 31, 2023, 2022 and 2021 was $39 million, $30 million and $23 million, respectively. The total fair value of performance-based RSUs that vested during the years ended December 31, 2023, 2022, and 2021 was $21 million, $18 million and $15 million, respectively.

As of December 31, 2023, there were $28 million of unrecognized compensation costs related to unvested time-based RSUs expected to be recognized over a weighted-average period of 1.76 years, and $15 million of unrecognized compensation costs related to unvested performance-based RSUs expected to be recognized over a weighted-average period of 1.77 years.

Employee Stock Purchase Plan — The 1998 Employee Stock Purchase Plan (the "Purchase Plan") provides eligible employees of the Company the right to purchase shares of its common stock at a discount. Employees can purchase shares at 90% of the fair market price subject to an annual purchase limitation of $22,500 per employee. As of December 31, 2023, the Purchase Plan qualifies as a non-compensatory plan under Section 423 of the Internal Revenue Code and, accordingly, no compensation expense has been recognized. 2,000,000 shares of the Company's common stock were authorized for sale under the Purchase Plan. During the years ended December 31, 2023 and 2022, 65,971 shares totaling $3 million and 48,990 shares totaling $3 million, respectively, were sold to employees under the Purchase Plan. As of December 31, 2023, there were 151,814 shares available under the Purchase Plan.

Note 14 — Stockholders' Equity and Earnings Per Share

The following table presents the basic and diluted EPS calculations for the years ended December 31, 2023, 2022 and 2021. For more information on the calculation of EPS, see *Note 1 — Summary of Significant Accounting Policies — Significant Accounting Policies — Earnings Per Share* to the Consolidated Financial Statements in this Form 10-K.

($ and shares in thousands, except per share data)	Year Ended December 31, 2023	2022	2021
Basic:			
Net income	$ 1,161,161	$ 1,128,083	$ 872,981
Weighted-average number of shares outstanding	141,164	141,326	141,826
Basic EPS	**$ 8.23**	**$ 7.98**	**$ 6.16**
Diluted:			
Net income	$ 1,161,161	$ 1,128,083	$ 872,981
Weighted-average number of shares outstanding	141,164	141,326	141,826
Add: Diluted impact of unvested RSUs	738	1,166	1,314
Diluted weighted-average number of shares outstanding	141,902	142,492	143,140
Diluted EPS	**$ 8.18**	**$ 7.92**	**$ 6.10**

For the years ended December 31, 2023, 2022 and 2021, approximately 283 thousand, 3 thousand and 6 thousand weighted-average shares of anti-dilutive RSUs, respectively, were excluded from the diluted EPS computation.

Stock Repurchase Program — In 2020, the Company's Board of Directors authorized a stock repurchase program to buy back up to 500 million of the Company's common stock. In 2023, the Company repurchased 1,506,091 shares at an average price of $54.56 per share at a total cost of $82 million. In 2022, the Company repurchased 1,385,517 shares at an average price of $72.17 per share at a total cost of $100 million. The Company did not repurchase any shares in 2021. As of December 31, 2023, the Company had approximately $172 million available for repurchases under its stock repurchase program.

Note 15 — Accumulated Other Comprehensive Income (Loss)

The following table presents the changes in the components of AOCI balances for the years ended December 31, 2023, 2022 and 2021:

($ in thousands)	Debt Securities (1)	Cash Flow Hedges	Foreign Currency Translation Adjustments (2)	Total
Balance, December 31, 2020	**$ 52,247**	**$ (1,230)**	**$ (6,692)**	**$ 44,325**
Net unrealized (losses) gains arising during the period	(136,846)	866	1,757	(134,223)
Amounts reclassified from AOCI	(1,104)	621	—	(483)
Changes, net of tax	(137,950)	1,487	1,757	(134,706)
Balance, December 31, 2021	**$ (85,703)**	**$ 257**	**$ (4,935)**	**$ (90,381)**
Net unrealized losses arising during the period	(620,870)	(52,623)	(16,348)	(689,841)
Amounts reclassified from AOCI	11,758	2,835	—	14,593
Changes, net of tax	(609,112)	(49,788)	(16,348)	(675,248)
Balance, December 31, 2022	**$ (694,815)**	**$ (49,531)**	**$ (21,283)**	**$ (765,629)**
Net unrealized gains (losses) arising during the period	76,930	(4,277)	(56)	72,597
Amounts reclassified from AOCI	16,004	56,432	—	72,436
Changes, net of tax	92,934	52,155	(56)	145,033
Balance, December 31, 2023	**$ (601,881)**	**$ 2,624**	**$ (21,339)**	**$ (620,596)**

(1) Includes after-tax unamortized losses related to AFS debt securities that were transferred to HTM in 2022.

(2) Represents foreign currency translation adjustments related to the Company's net investment in non-U.S. operations, including related hedges. The functional currency and reporting currency of the Company's foreign subsidiary was RMB and USD, respectively.

The following table presents the components of other comprehensive income (loss), reclassifications to net income and the related tax effects for the years ended December 31, 2023, 2022 and 2021:

	Year Ended December 31,								
	2023			2022			2021		
($ in thousands)	Before-Tax	Tax Effect	Net-of-Tax	Before-Tax	Tax Effect	Net-of-Tax	Before-Tax	Tax Effect	Net-of-Tax
Debt securities:									
Net unrealized gains (losses) on AFS debt securities arising during the period	$ 109,216	$ (32,286)	$ 76,930	$ (721,100)	$ 213,221	$ (507,879)	$ (194,393)	$ 57,547	$ (136,846)
Unrealized losses on debt securities transferred from AFS to HTM	—	—	—	(160,416)	47,425	(112,991)	—	—	—
Reclassification adjustments:									
Net realized losses (gains) on AFS debt securities reclassified into net income (1)	6,862 (2)	(2,029)	4,833	(1,306)	386	(920)	(1,568)	464	(1,104)
Amortization of unrealized losses on transferred securities (3)	15,860	(4,689)	11,171	18,000	(5,322)	12,678	—	—	—
Net change	131,938	(39,004)	92,934	(864,822)	255,710	(609,112)	(195,961)	58,011	(137,950)
Cash flow hedges:									
Net unrealized (losses) gains arising during the period	(5,767)	1,490	(4,277)	(74,069)	21,446	(52,623)	1,210	(344)	866
Net realized losses reclassified into net income (4)	79,843	(23,411)	56,432	4,004	(1,169)	2,835	868	(247)	621
Net change	74,076	(21,921)	52,155	(70,065)	20,277	(49,788)	2,078	(591)	1,487
Foreign currency translation adjustments, net of hedges:									
Net unrealized gains (losses) arising during the period	698	(754)	(56)	(15,059)	(1,289)	(16,348)	463	1,294	1,757
Net change	698	(754)	(56)	(15,059)	(1,289)	(16,348)	463	1,294	1,757
Other comprehensive income (loss)	**$ 206,712**	**$ (61,679)**	**$ 145,033**	**$ (949,946)**	**$ 274,698**	**$ (675,248)**	**$ (193,420)**	**$ 58,714**	**$ (134,706)**

(1) Pre-tax amounts were reported in *Net (losses) gains on AFS debt securities* on the Consolidated Statement of Income.
(2) Represents the net loss related to an AFS debt security that was written-off in the first quarter of 2023 and subsequently sold during the fourth quarter of 2023.
(3) Represents unrealized losses amortized over the remaining lives of securities that were transferred from the AFS to HTM portfolio in 2022.
(4) Pre-tax amounts related to cash flow hedges on variable rate loans and long-term borrowings, where applicable, were reported in *Interest and dividend income* and in *Interest expense,* respectively, on the Consolidated Statement of Income. In 2023, pre-tax amount also includes the terminated cash flow hedge where the forecasted cash flows were no longer probable to occur and was reported in *Noninterest income* on the Consolidated Statement of Income.

Note 16 — Regulatory Requirements and Matters

The Company and the Bank are subject to regulatory capital adequacy requirements administered by the respective federal banking agencies. The Bank is a member bank of the Federal Reserve System and is primarily regulated by the Federal Reserve and the California Department of Financial Protection and Innovation. The Company and the Bank are required to comply with the Basel III Capital Rules adopted by the federal banking agencies. As standardized approaches institutions, the Basel III Capital Rules require that banking organizations, such as the Company and the Bank, to maintain a minimum Common Equity Tier 1 ("CET1") capital ratio of at least 4.5%, a Tier 1 capital ratio of at least 6.0%, a total capital ratio of at least 8.0%, and a Tier 1 leverage ratio of a least 4.0% to be considered adequately capitalized. Failure to meet the minimum capital requirements can result in certain mandatory actions and possibly additional discretionary actions by the regulators that, if undertaken, could have a direct material effect on the Company's Consolidated Financial Statements. The Company and the Bank are also subject to maintaining a capital conservation buffer of 2.5% above the minimum risk-based capital ratios under the Basel III Capital Rules. Banking institutions with a ratio of CET1 to risk-weighted assets above the minimum but which does not exceed the capital conservation buffer will face constraints on dividends, share repurchases and executive compensation based on the amount of the shortfall.

The Federal Deposit Insurance Corporation Improvement Act of 1991 requires that the federal regulatory agencies adopt regulations defining capital categories for banks: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized. Under the agencies' Prompt Corrective Action regulations, failure of a bank to be well capitalized results in an escalating series of adverse regulatory consequences.

Effective January 1, 2020, the Company adopted the ASU 2016-13 *Financial Instruments — Credit Losses (Topic 326) Measurement of Credit Losses on Financial instrument* that introduced the CECL methodology. In March 2020, the federal banking agencies issued the Interim Final Rule that provided banking organizations that adopted the CECL with the phase-in option to delay the estimated impact of CECL on regulatory capital. The Bank and the Company have elected the CECL phase-in option in 2020 and delayed the impact of CECL on regulatory capital through 2021, after which the effects are being phased in over a three-year period from January 1, 2022 through December 31, 2024.

As of both December 31, 2023 and 2022, the Company and the Bank were both categorized as well capitalized based on applicable U.S. regulatory capital ratio requirements in accordance with Basel III standardized approaches, as set forth in the table below. The Company believes that no changes in conditions or events have occurred since December 31, 2023, which would result in changes that would cause the Company or the Bank to fall below the well capitalized level. The following table presents the regulatory capital information of the Company and the Bank as of December 31, 2023 and 2022:

	Basel III						
	December 31, 2023		December 31, 2022				
($ in thousands)	Amount	Ratio	Amount	Ratio	Minimum Capital Ratios	Fully Phased-in Minimum Capital Ratios [2]	Well-Capitalized Requirement
Total capital (to risk-weighted assets)							
Company	$ 7,919,407	14.8 %	$ 7,003,299	14.0 %	8.0 %	10.5 %	10.0 %
East West Bank	$ 7,363,575	13.8 %	$ 6,760,612	13.5 %	8.0 %	10.5 %	10.0 %
Tier 1 capital (to risk-weighted assets)							
Company	$ 7,140,778	13.3 %	$ 6,347,108	12.7 %	6.0 %	8.5 %	6.0 %
East West Bank	$ 6,732,946	12.6 %	$ 6,252,421	12.5 %	6.0 %	8.5 %	8.0 %
CET1 capital (to risk-weighted assets)							
Company [1]	$ 7,140,778	13.3 %	$ 6,347,108	12.7 %	4.5 %	7.0 %	N/A
East West Bank	$ 6,732,946	12.6 %	$ 6,252,421	12.5 %	4.5 %	7.0 %	6.5 %
Tier 1 leverage capital (to adjusted average assets)							
Company [1]	$ 7,140,778	10.2 %	$ 6,347,108	9.8 %	4.0 %	4.0 %	N/A
East West Bank	$ 6,732,946	9.6 %	$ 6,252,421	9.7 %	4.0 %	4.0 %	5.0 %
Risk-weighted assets							
Company	$ 53,663,392	N/A	$ 50,036,719	N/A	N/A	N/A	N/A
East West Bank	$ 53,539,980	N/A	$ 50,024,772	N/A	N/A	N/A	N/A
Adjusted quarterly average total assets							
Company	$ 70,406,008	N/A	$ 65,221,597	N/A	N/A	N/A	N/A
East West Bank	$ 70,270,449	N/A	$ 65,198,267	N/A	N/A	N/A	N/A

N/A — Not applicable.

(1) The well-capitalized requirements for CET1 capital and Tier 1 leverage capital apply only to the Bank since there is no CET1 capital ratio or Tier 1 leverage capital ratio component in the definition of a well-capitalized bank holding company.

(2) Includes a 2.5% capital conservation buffer requirement above the minimum risk-based capital ratios.

Note 17 — Business Segments

The Company organizes its operations into three reportable operating segments: (1) Consumer and Business Banking; (2) Commercial Banking; and (3) Other. These segments are defined by the type of customers served, and the related products and services provided. The segments reflect how financial information is currently evaluated by management. Operating segment results are based on the Company's internal management reporting process, which reflects assignments and allocations of certain balance sheet and income statement items. The information presented is not indicative of how the segments would perform if they operated as independent entities.

The Consumer and Business Banking segment primarily provides financial products and services to consumer and commercial customers through the Company's domestic branch network and digital banking platforms. This segment offers consumer and commercial deposits, mortgage and home equity loans, and other products and services. It also originates commercial loans for small- and medium-sized enterprises through the Company's branch network. Other products and services provided by this segment include wealth management, treasury management, interest rate risk hedging and foreign exchange services.

The Commercial Banking segment primarily generates commercial loan and deposit products. Commercial loan products include CRE lending, construction financing, commercial business lending, working capital lines of credit, trade finance, letters of credit, affordable housing lending, asset-based lending, asset-backed finance, project finance and equipment financing. Commercial deposit products and other financial services include treasury management, foreign exchange services and interest rate and commodity risk hedging.

The remaining centralized functions, including the corporate treasury activities of the Company and eliminations of inter-segment amounts, have been aggregated and included in the Other segment, which provides broad administrative support to the two core segments, namely the Consumer and Business Banking and the Commercial Banking segments.

The Company utilizes an internal reporting process to measure the performance of the three operating segments within the Company. The internal reporting process derives operating segment results by utilizing allocation methodologies for revenues and expenses. Net interest income of each segment represents the difference between actual interest earned on assets and interest incurred on liabilities of the segment, adjusted for funding charges or credits through the Company's internal funds transfer pricing ("FTP") process. Noninterest income and noninterest expense directly attributable to a business segment are assigned to that segment. Indirect costs, including technology-related costs and corporate overhead, are allocated based on a segment's estimated usage using factors including but not limited to, full-time equivalent employees, net interest income, and loan and deposit volume. Charge-offs are recorded to the segment directly associated with the respective loans charged off, and provision for credit losses is recorded to the segments based on the related loans for which allowances are evaluated. The Company's internal reporting process utilizes a full-allocation methodology. Under this methodology, corporate and indirect expenses incurred by the Other segment are allocated to the Consumer and Business Banking and the Commercial Banking segments, except certain corporate treasury-related expenses and insignificant unallocated expenses.

The corporate treasury function within the Other segment is responsible for the Company's liquidity and interest rate management, and the internal FTP process. The FTP process is formulated with the goal of encouraging loan and deposit growth that is consistent with the Company's overall profitability objectives, as well as providing a reasonable and consistent basis for the measurement of its business segments' net interest margins and profitability. The FTP process charges a cost to fund loans ("FTP charges for loans") and allocates credits for funds provided from deposits ("FTP credits for deposits") using internal FTP rates. FTP charges for loans are determined based on a matched cost of funds, which is tied to the pricing and term characteristics of the loans. FTP credits for deposits are based on matched funding credit rates, which are tied to the implied or stated maturity of the deposits. FTP credits for deposits reflect the long-term value generated by the deposits. The net spread between the total internal FTP charges and credits is recorded as part of net interest income in the Other segment. The FTP process transfers the corporate interest rate risk exposure to the treasury function within the Other segment, where such exposures are centrally managed. The Company's internal FTP assumptions and methodologies are reviewed at least annually to ensure that the process is reflective of current market conditions.

The following tables present the operating results and other key financial measures for the individual operating segments as of and for the years ended December 31, 2023, 2022 and 2021:

($ in thousands)	Consumer and Business Banking	Commercial Banking	Other	Total
Year Ended December 31, 2023				
Net interest income before provision for credit losses	$ 1,238,829	$ 992,519	$ 80,906	$ 2,312,254
Provision for credit losses	18,422	106,578	—	125,000
Noninterest income	102,109	174,465	18,690	295,264
Noninterest expense	477,622	382,865	162,261	1,022,748
Segment income (loss) before income taxes	844,894	677,541	(62,665)	1,459,770
Segment net income	$ 596,366	$ 478,418	$ 86,377	$ 1,161,161
As of December 31, 2023				
Segment assets	$ 19,510,836	$ 35,095,237	$ 15,006,811	$ 69,612,884

($ in thousands)	Consumer and Business Banking	Commercial Banking	Other	Total
Year Ended December 31, 2022				
Net interest income (loss) before provision for credit losses	$ 1,170,850	$ 892,386	$ (17,355)	$ 2,045,881
Provision for credit losses	27,197	46,303	—	73,500
Noninterest income	110,139	179,248	9,279	298,666
Noninterest expense	397,882	314,185	147,326	859,393
Segment income (loss) before income taxes	855,910	711,146	(155,402)	1,411,654
Segment net income	$ 608,120	$ 507,467	$ 12,496	$ 1,128,083
As of December 31, 2022				
Segment assets	$ 17,385,804	$ 33,042,785	$ 13,683,561	$ 64,112,150

($ in thousands)	Consumer and Business Banking	Commercial Banking	Other	Total
Year Ended December 31, 2021				
Net interest income before reversal of provision for credit losses	$ 697,101	$ 766,202	$ 68,268	$ 1,531,571
Reversal of provision for credit losses	(4,998)	(30,002)	—	(35,000)
Noninterest income	94,125	163,768	28,002	285,895
Noninterest expense	364,635	275,649	155,805	796,089
Segment income (loss) before income taxes	431,589	684,323	(59,535)	1,056,377
Segment net income	$ 308,630	$ 489,233	$ 75,118	$ 872,981
As of December 31, 2021				
Segment assets	$ 14,961,809	$ 28,556,706	$ 17,352,186	$ 60,870,701

Note 18 — Parent Company Condensed Financial Statements

The following tables present the Parent Company-only condensed financial statements:

CONDENSED BALANCE SHEET

	December 31,	
($ in thousands)	2023	2022
ASSETS		
Cash and cash equivalents due from subsidiary bank	$ 445,770	$ 228,531
Investments in subsidiaries:		
Bank	6,542,852	5,889,775
Nonbank	13,502	13,846
Investments in tax credit investments, net	—	1,925
Other assets	120,742	8,516
TOTAL	**$ 7,122,866**	**$ 6,142,593**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Long-term debt	$ 148,249	$ 147,950
Other liabilities	23,783	10,031
Stockholders' equity	6,950,834	5,984,612
TOTAL	**$ 7,122,866**	**$ 6,142,593**

CONDENSED STATEMENT OF INCOME

($ in thousands)	Year Ended December 31, 2023	2022	2021
Dividends from subsidiaries:			
Bank	$ 704,000	$ 240,000	$ 200,000
Nonbank	322	157	82
Other investment losses	(2,738)	—	—
Other income	—	—	11
Total income	701,584	240,157	200,093
Interest expense on long-term debt	10,889	5,450	2,974
Compensation and employee benefits	7,204	6,708	6,370
(Impairment recoveries) amortization of tax credit and other investments	(2,901)	(786)	425
Other expense	1,815	2,040	1,306
Total expense	17,007	13,412	11,075
Income before income tax benefit and equity in undistributed income of subsidiaries	684,577	226,745	189,018
Income tax benefit	5,844	4,269	3,005
Undistributed earnings of subsidiaries, primarily bank	470,740	897,069	680,958
Net income	**$ 1,161,161**	**$ 1,128,083**	**$ 872,981**

CONDENSED STATEMENT OF CASH FLOWS

($ in thousands)	Year Ended December 31, 2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 1,161,161	$ 1,128,083	$ 872,981
Adjustments to reconcile net income to net cash provided by operating activities:			
Undistributed earnings of subsidiaries, principally bank	(470,740)	(897,069)	(680,958)
Deferred income tax expense (benefit)	948	(2,193)	2,721
Net change in other assets	(4,160)	4,250	(5,685)
Net change in other liabilities	(47)	779	(81,706)
Other operating activities, net	2,443	1,333	1,877
Net cash provided by operating activities	**689,605**	**235,183**	**109,230**
CASH FLOWS FROM INVESTING ACTIVITIES			
Net increase in investments in tax credit investments	—	(1,612)	(346)
Distributions received from equity method investees	1,594	410	436
Other investing activities, net	(96,689)	(6,188)	(1,476)
Net cash used in investing activities	**(95,095)**	**(7,390)**	**(1,386)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Common stock:			
Proceeds from issuance pursuant to various stock compensation plans and agreements	3,208	3,178	2,573
Stock tendered for payment of withholding taxes	(23,751)	(19,087)	(15,702)
Repurchase of common stock pursuant to the stock repurchase program	(82,174)	(99,990)	—
Cash dividends paid	(274,554)	(228,381)	(188,762)
Net cash used in financing activities	**(377,271)**	**(344,280)**	**(201,891)**
Net increase (decrease) in cash and cash equivalents	217,239	(116,487)	(94,047)
Cash and cash equivalents, beginning of year	228,531	345,018	439,065
Cash and cash equivalents, end of year	**$ 445,770**	**$ 228,531**	**$ 345,018**

Note 19 — Subsequent Events

Declaration of Dividend — On January 23, 2024, the Company's Board of Directors declared first quarter 2024 cash dividends for the Company's common stock. The common stock cash dividend of $0.55 per share was paid on February 15, 2024 to stockholders of record as of February 2, 2024.

Redemption of Junior Subordinated Debt and Trust Preferred Securities Issued by East West Capital Trusts — In January 2024, the Company provided notice that it would redeem $113 million of the principal face value of junior subordinated debt and $4 million of the principal face value of trust preferred securities issued by the East West Capital Trusts. Of these amounts, $16 million was redeemed in February 2024 and the remaining $101 million is scheduled to be redeemed in March 2024.

Increase in FDIC Special Assessment — In November 2023, the FDIC approved a final rule to implement a special deposit insurance assessment to recover losses to the DIF arising from the protection of uninsured depositors following the receiverships of failed institutions in the spring of 2023**.** The Company recorded a pre-tax $70 million special assessment charge based on the November 2023 final rule. In February 2024, the FDIC estimated the losses attributable to the protection of uninsured depositors at Silicon Valley Bank and Signature Bank to increase approximately $4.1 billion from $16.3 billion, as described in the November 2023 final rule, to $20.4 billion. As the loss estimates resulting from the failures of Silicon Valley Bank and Signature Bank may be further subject to change pending the projected and actual outcome of loss share agreements, joint ventures, and outstanding litigation, the exact amount of losses incurred will be determined when the FDIC terminates the receiverships. As of the date of this filing, the Bank cannot reasonably estimate whether the FDIC's increased estimate of losses attributable to the protection of uninsured depositors will result in an increase in or modifications to the Bank's special assessment charge. The FDIC plans to provide depository institutions that are subject to the special assessment with an updated estimate of each institution's quarterly and total special assessment expense with its first quarter 2024 special assessment invoice in June 2024.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of December 31, 2023, pursuant to Rule 13a-15(b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), the Company conducted an evaluation, under the supervision and with the participation of the Company’s management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company’s disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act). Based upon that evaluation, the Company’s Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures were effective as of December 31, 2023.

The Company’s disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in the reports that the Company files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the U.S. Securities and Exchange Commission (“SEC”). The Company’s disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that the Company files under the Exchange Act is accumulated and communicated to the Company’s management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management’s Annual Report on Internal Control over Financial Reporting

The Company’s management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act). The Company’s internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company’s financial statements for external purposes in accordance with U.S. GAAP.

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

Management evaluated the effectiveness of the Company’s internal control over financial reporting as of December 31, 2023 using the criteria set forth in *Internal Control — Integrated Framework 2013* issued by the Committee of Sponsoring Organization of the Treadway Commission. Based on this evaluation, management concluded that the Company’s internal control over financial reporting was effective as of December 31, 2023.

Changes in Internal Control over Financial Reporting

There were no changes in the Company’s internal control over financial reporting during the quarter ended December 31, 2023, that have materially affected or are reasonably likely to materially affect the Company’s internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

KPMG LLP, the independent registered public accounting firm that audited the Company’s Consolidated Financial Statements, issued an audit report on the effectiveness of internal control over financial reporting as of December 31, 2023. The audit report is presented on the following page.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on Internal Control Over Financial Reporting

We have audited East West Bancorp, Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2023 and 2022, the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2023, and the related notes (collectively, the consolidated financial statements), and our report dated February 28, 2024 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

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

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ KPMG LLP

Los Angeles, California
February 28, 2024

ITEM 9B. OTHER INFORMATION

During the three months ended December 31, 2023, none of the Company's directors or Section 16 reporting officers adopted or terminated any Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of the SEC's Regulation S-K).

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The names of the Company's executive officers, and biographical information for each, is set forth in *Item 1. Business — Information about our Executive Officers* in this Form 10-K.

The other information required by this item will be set forth in the following sections of the Company's definitive proxy statement for its 2024 Annual Meeting of Stockholders (the "2024 Proxy Statement"), which will be filed with the SEC pursuant to Regulation 14A within 120 days of the Company's fiscal year ended December 31, 2023, and this information is incorporated herein by reference:

- *Summary Information about Director Nominees*
- *Board of Directors and Nominees*
- *Director Nominee Qualifications and Experience*
- *Director Independence, Financial Experts and Risk Management Experience*
- *Board Leadership Structure*
- *Board Meetings*
- *Board Committees*

The Company has adopted a Code of Conduct that applies to its principal executive officer, principal financial and accounting officer, controller, and persons performing similar functions. The Code of Conduct is posted on the Company's website at www.eastwestbank.com/govdocs. Any amendments to, or waivers from, the Company's Code of Conduct will be disclosed on the Company's website at http://investor.eastwestbank.com.

ITEM 11. EXECUTIVE COMPENSATION

Information regarding the Company's executive compensation will be set forth in the following sections of the 2024 Proxy Statement and this information is incorporated herein by reference:

- *Director Compensation*
- *Compensation Discussion and Analysis*

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

Information concerning security ownership of certain beneficial owners and management not otherwise included herein will be set forth in the 2024 Proxy Statement under the heading "*Stock Ownership of Principal Stockholders, Directors and Management*" and this information is incorporated herein by reference.

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets forth the total number of shares available for issuance under the Company's employee equity compensation plans as of December 31, 2023:

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options	Weighted-Average Exercise Price of Outstanding Options	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans
Equity compensation plans approved by security holders	—	$ —	4,293,085 (1)
Equity compensation plans not approved by security holders	—	—	—
Total	**—**	**$ —**	**4,293,085**

(1) Represents future shares available under the stockholder-approved 2021 Stock Incentive Plan effective March 4, 2021.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Information regarding certain relationships and related transactions will be set forth in the following sections of the 2024 Proxy Statement and this information is incorporated herein by reference:

- *Director Independence, Financial Experts and Risk Management Experience*
- *Certain Relationships and Related Transactions*

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Our independent registered public accounting firm is KPMG LLP, Los Angeles, CA, PCAOB ID: 185.

Information regarding principal accountant fees and services will be set forth in the 2024 Proxy Statement under the heading *"Ratification of Auditors"* and this information is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(1) Financial Statements

The following financial statements of East West Bancorp, Inc. and its subsidiaries, and the auditor's report thereon are filed as part of this report under *Item 8. Financial Statements*:

(2) Financial Statement Schedules

All financial statement schedules for East West Bancorp, Inc. and its subsidiaries have been included in this Form 10-K in the Consolidated Financial Statements or the related notes thereto, or they are either inapplicable or not required.

(3) Exhibits

A list of exhibits to this Form 10-K is set forth below.

Exhibit No.	Exhibit Description
3.1	Certificate of Incorporation of the Registrant [Incorporated by reference to Exhibit 3(i) from Registrant's Registration Statement on Form S-4/A filed with the Commission on September 17, 1998 (File No. 333-63605).]
3.1.1	Certificate of Amendment to Certificate of Incorporation of the Registrant [Incorporated by reference to Exhibit 3(i).1 from Registrant's Annual Report on Form 10-K for the year ended December 31, 2002 filed with the Commission on March 28, 2003 (File No. 000-24939).]
3.1.2	Amendment to Certificate of Incorporation to Increase Authorized Shares of the Registrant [Incorporated by reference from Registrant's Definitive Proxy Statement on Schedule 14A filed with the Commission on April 15, 2005 (File No. 000-24939).]
3.1.3	Certificate of Amendment to Certificate of Incorporation of the Registrant [Incorporated by reference to Exhibit A from Registrant's Definitive Proxy Statement on Schedule 14A filed with the Commission on April 23, 2008 (File No. 000-24939).]
3.1.4	Certificate of Designations of 8.00% Non-Cumulative Perpetual Convertible Preferred Stock, Series A of the Registrant [Incorporated by reference to Exhibit 3.1 from Registrant's Current Report on Form 8-K, filed with the Commission on April 30, 2008 (File No. 000-24939).]
3.1.5	Certificate of Designations of Fixed Rate Cumulative Perpetual Preferred Stock, Series B of the Registrant [Incorporated by reference to Exhibit 3.1, 4.1 from Registrant's Current Report on Form 8-K filed with the Commission on December 9, 2008 (File No. 000-24939).]
3.1.6	Certificate of Designations of Mandatorily Convertible Cumulative Non-Voting Perpetual Preferred Stock, Series C of the Registrant [Incorporated by reference to Exhibit 3.1, 4.1 from Registrant's Current Report on Form 8-K filed with the Commission on November 12, 2009 (File No. 000-24939).]
3.2	Amended and Restated Bylaws of the Registrant dated March 14, 2023 [Incorporated by reference to Exhibit 3.1 from Registrant's Current Report on Form 8-K filed with the Commission on March 17, 2023 (File No. 000-24939).]
4.1	Specimen Common Stock Certificate of Registrant [Incorporated by reference to Exhibit 4.1 from Registrant's Registration Statement on Form S-4/A filed with the Commission on November 5, 1998 (File No. 333-63605).]
4.2	Form of Certificate of the Registrant's 8.00% Non-Cumulative Perpetual Convertible Preferred Stock, Series A [Incorporated by reference to Exhibit 4.1 from Registrant's Current Report on Form 8-K, filed with the Commission on April 30, 2008 (File No. 000-24939).]
4.3	Description of Securities [Incorporated by reference to Exhibit 4.3 from Registrant's Annual Report on Form 10-K for the year ended December 31, 2019 filed with the Commission on February 27, 2020 (File No. 000-24939).]
10.1.1	Employment Agreement – Dominic Ng* [Incorporated by reference to Exhibit 10.1 from Registrant's Registration Statement on Form S-4 filed with the Commission on September 17, 1998 (File No. 333-63605).]

10.1.2	Amendment to Employment Agreement - Dominic Ng* [Incorporated by reference to Exhibit 10.1 from Registrant's Current Report on Form 8-K, filed with the Commission on April 10, 2012 (File No. 000-24939).]
10.1.3	Amendment to Employment Agreement – Dominic Ng* [Incorporated by reference to Exhibit 10.1.2 from Registrant's Annual Report on Form 10-K for the year ended December 31, 2016 filed with the Commission on February 27, 2017 (File No. 000-24939).]
10.1.4	Amendment to Employment Agreement – Dominic Ng* [Incorporated by reference to Exhibit 10.1 from Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018 filed with the Commission on May 8, 2018 (File No. 000-24939).]
10.1.5	Amendment to Employment Agreement – Dominic Ng* [Incorporated by reference to Exhibit 10.1 from Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2019 filed with the Commission on May 8, 2019 (File No. 000-24939).]
10.1.6	Amendment to Employment Agreement – Dominic Ng* [Incorporated by reference to Exhibit 10.1 from Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020 filed with the Commission on May 8, 2020 (File No. 000-24939).]
10.1.7	Amendment to Employment Agreement – Dominic Ng* [Incorporated by reference to Exhibit 10.1 from Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2021 filed with the Commission on May 7, 2021 (File No. 000-24939).]
10.1.8	Amendment to Employment Agreement - Dominic Ng* [Incorporated by reference to Exhibit 10.1 from Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2022 filed with the Commission on May 9, 2022 (File No. 000-24939).]
10.2.1	Employment Agreement – Douglas P. Krause* [Incorporated by reference to Exhibit 10.5 from Registrant's Registration Statement on Form S-4 filed with the Commission on September 17, 1998 (File No. 333-63605).]
10.2.2	Amendment to Employment Agreement - Douglas P. Krause* [Incorporated by reference to Exhibit 10.5 from Registrant's Current Report on Form 8-K, filed with the Commission on April 10, 2012 (File No. 000-24939).]
10.2.3	Amendment to Employment Agreement – Douglas P. Krause* [Incorporated by reference to Exhibit 10.2.2 from Registrant's Annual Report on Form 10-K for the year ended December 31, 2016 filed with the Commission on February 27, 2017 (File No. 000-24939).]
10.2.4	Amendment to Employment Agreement – Douglas P. Krause* [Incorporated by reference to Exhibit 10.2 from Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018 filed with the Commission on May 8, 2018 (File No. 000-24939).]
10.2.5	Amendment to Employment Agreement – Douglas P. Krause* [Incorporated by reference to Exhibit 10.2 from Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2019 filed with the Commission on May 8, 2019 (File No. 000-24939).]
10.2.6	Amendment to Employment Agreement – Douglas P. Krause* [Incorporated by reference to Exhibit 10.2 from Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020 filed with the Commission on May 8, 2020 (File No. 000-24939).]
10.2.7	Amendment to Employment Agreement – Douglas P. Krause* [Incorporated by reference to Exhibit 10.2 from Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2021 filed with the Commission on May 7, 2021 (File No. 000-24939).]
10.2.8	Amendment to Employment Agreement - Douglas P. Krause* [Incorporated by reference to Exhibit 10.2 from Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2022 filed with the Commission on May 9, 2022 (File No. 000-24939).]
10.3.1	Employment Agreement – Irene H. Oh* [Incorporated by reference to Exhibit 10.1 from Registrant's Current Report on Form 8-K filed with the Commission on December 22, 2016 (File No. 000-24939).]
10.3.2	Amendment to Employment Agreement – Irene H. Oh* [Incorporated by reference to Exhibit 10.5.2 from Registrant's Annual Report on Form 10-K for the year ended December 31, 2018 filed with the Commission on February 27, 2019 (File No. 000-24939).]
10.3.3	Amendment to Employment Agreement – Irene H. Oh* [Incorporated by reference to Exhibit 10.1 from Registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2020 filed with the Commission on November 6, 2020 (File No. 000-24939).]
10.3.4	Amendment to Employment Agreement – Irene H. Oh* [Incorporated by reference to Exhibit 10.1 from Registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2021 filed with the Commission on November 8, 2021 (File No. 000-24939).]
10.3.5	Amendment to Employment Agreement - Irene H. Oh* [Incorporated by reference to Exhibit 10.1 from Registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2022 filed with the Commission on November 8, 2022 (File No. 000-24939).]
10.3.6	Amendment to Employment Agreement - Irene H. Oh* Filed herewith.
10.4.1	Employment Agreement – Parker Shi* [Incorporated by reference to Exhibit 10.1 from Registrant's Current Report on Form 8-K filed with the Commission on December 6, 2021 (File No. 000-24939).]
10.4.2	Amendment to Employment Agreement - Parker Shi* Filed herewith.
10.5.1	East West Bancorp, Inc. 2016 Stock Incentive Plan, as amended and restated* [Incorporated by reference to Exhibit A from Registrant's Definitive Proxy Statement on Schedule 14A filed with the Commission on April 21, 2016 (File No. 000-24939).]

10.5.2	East West Bancorp, Inc. 2021 Stock Incentive Plan, as amended and restated* [Incorporated by reference to Appendix A from Registrant's Definitive Proxy Statement on Schedule 14A filed with the Commission on April 15, 2021 (File No. 000-24939).]
10.5.3	East West Bancorp, Inc. 2017 Performance-Based Bonus Plan, as amended* [Incorporated by reference to Exhibit A from Registrant's Definitive Proxy Statement on Schedule 14A filed with the Commission on April 19, 2017 (File No. 000-24939).]
10.5.4	East West Bancorp, Inc. 1999 Spirit of Ownership Restricted Stock Program* [Incorporated by reference to Exhibit 10.4 from Registrant's Current Report on Form 8-K filed with the Commission on March 9, 2005 (File No. 000-24939).]
10.6	East West Bancorp, Inc. 1998 Employee Stock Purchase Plan* [Incorporated by reference to Exhibit 10.7 from Registrant's Registration Statement on Form S-4 filed with the Commission on September 17, 1998 (File No. 333-63605).]
21.1	Subsidiaries of the Registrant. Filed herewith.
23.1	Consent of Independent Registered Public Accounting Firm KPMG LLP. Filed herewith.
24	Power of Attorney. Filed herewith.
31.1	Chief Executive Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. Filed herewith.
31.2	Chief Financial Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. Filed herewith.
32.1	Chief Executive Officer Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Furnished herewith.
32.2	Chief Financial Officer Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Furnished herewith.
97	East West Bancorp, Inc. Executive Compensation Clawback Policy. Filed herewith.
101.INS	The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document. Filed herewith.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document. Filed herewith.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document. Filed herewith.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document. Filed herewith.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document. Filed herewith.
104	Cover Page Interactive Data (formatted as Inline XBRL and contained in Exhibit 101 filed herewith). Filed herewith.

* Denotes management contract or compensatory plan or arrangement.

ITEM 16. FORM 10-K SUMMARY

Not applicable.

GLOSSARY OF ACRONYMS

AFS	Available-for-sale
ALCO	Asset/Liability Committee
AML	Anti-money laundering
AOCI	Accumulated other comprehensive income (loss)
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
BHC Act	Bank Holding Company Act of 1956, as amended
BKX	KBW Nasdaq Bank Index
BSA	Bank Secrecy Act
BTFP	Bank Term Funding Program
C&I	Commercial and industrial
CCDAA	Climate Corporate Data Accountability Act
CCPA	California Consumer Privacy Act
CECL	Current expected credit losses
CET1	Common Equity Tier 1
CFPB	Consumer Financial Protection Bureau
CLO	Collateralized loan obligation
CME	Chicago Mercantile Exchange
CODM	Chief operating decision maker
CRA	Community Reinvestment Act
CRE	Commercial real estate
CRFRA	Climate-Related Financial Risk Act
DFPI	California Department of Financial Protection and Innovation
DIF	Deposit Insurance Fund
EFFR	Effective Fed Funds Rate
EGRRCPA	Economic Growth, Regulatory Relief, and Consumer Protection Act
EPS	Earnings per share
ERM	Enterprise risk management
EVE	Economic value of equity
FASB	Financial Accounting Standards Board
FDIA	Federal Deposit Insurance Act
FDIC	Federal Deposit Insurance Corporation
FFIEC	Federal Financial Institutions Examination Council
FHLB	Federal Home Loan Bank
FINRA	Financial Industry Regulatory Authority, Inc.
FRBSF	Federal Reserve Bank of San Francisco
FTP	Funds transfer pricing
GAAP	United States Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GHG	Greenhouse gas
GLBA	Gramm-Leach-Bliley Act of 1999
HELOC	Home equity line of credit
HKMA	Hong Kong Monetary Authority
HKSFC	Hong Kong Securities and Futures Commission
HTM	Held-to-maturity
IDI	Insured depository institution
LCH	London Clearing House
LGD	Loss given default
LIBOR	London Interbank Offered Rate
LTV	Loan-to-value
MAS	Monetary Authority of Singapore
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
MMBTU	Million British thermal unit
NAFR	National Administration of Financial Regulation
NAV	Net asset value
NRSRO	Nationally recognized statistical rating organizations
OFAC	Office of Foreign Assets Control
OREO	Other real estate owned
OTTI	Other-than-temporary impairment
PATRIOT Act	Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001
PBOC	People's Bank of China
PCA	Prompt Corrective Action
PCD	Purchased credit deteriorated
PD	Probability of default
PIPL	Personal Information Protection Law
RMB	Chinese Renminbi
ROC	Risk Oversight Committee
ROE	Return on average common equity
RPA	Credit risk participation agreement
RSU	Restricted stock unit
S&P	Standard & Poor's
SBLC	Standby letter of credit
SEC	U.S. Securities and Exchange Commission
SOFR	Secured Overnight Financing Rate
TCE	Tangible common equity
TDR	Troubled debt restructuring
U.S.	United States
USD	U.S. Dollar
VIE	Variable interest entity

SIGNATURES

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

EAST WEST BANCORP, INC.
(Registrant)

By /s/ DOMINIC NG
Dominic Ng
Chairman and Chief Executive Officer

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

Signature	Title	Date
/s/ DOMINIC NG Dominic Ng	Chairman, Chief Executive Officer and Director (Principal Executive Officer)	February 28, 2024
/s/ CHRISTOPHER J. DEL MORAL-NILES Christopher J. Del Moral-Niles	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	February 28, 2024
MANUEL P. ALVAREZ* Manuel P. Alvarez	Director	February 28, 2024
MOLLY CAMPBELL* Molly Campbell	Director	February 28, 2024
ARCHANA DESKUS* Archana Deskus	Director	February 28, 2024
SERGE DUMONT* Serge Dumont	Director	February 28, 2024
RUDOLPH I. ESTRADA* Rudolph I. Estrada	Lead Director	February 28, 2024
MARK HUTCHINS Mark Hutchins	Director	February 28, 2024
PAUL H. IRVING* Paul H. Irving	Director	February 28, 2024
SABRINA KAY* Sabrina Kay	Director	February 28, 2024
JACK C. LIU* Jack C. Liu	Director	February 28, 2024
LESTER M. SUSSMAN* Lester M. Sussman	Director	February 28, 2024

** Dominic Ng, by signing his name hereto, does hereby sign this document on behalf of each of the above named directors of the registrant pursuant to powers of attorney duly executed by such persons.*

Dated: February 28, 2024

By /s/ DOMINIC NG
Dominic Ng
Attorney-In-Fact
Chairman and Chief Executive Officer

Exhibit 10.3.6

AMENDMENT TO EMPLOYMENT AGREEMENT

This Amendment is dated as of December 21, 2023 (the "Amendment Effective Date") and amends that certain Employment Agreement dated as of December 21, 2016 (as amended from time to time, the "Employment Agreement") by and between East West Bancorp, Inc. ("Company") and Irene Oh ("Employee").

The following terms and conditions of the Employment Agreement are hereby modified as of the Amendment Effective Date:

1. Section 2 (Term) of the Employment Agreement is hereby modified in its entirety to read as follows:
   This Agreement and employment under this Agreement shall terminate on December 21, 2024 unless extended by Company.

2. Except as expressly agreed to herein, the Employment Agreement shall remain in force and effect.

EAST WEST BANCORP, INC.
/s/ GARY TEO
Gary Teo
Chief Human Resources Officer

/s/ IRENE OH
Employee: Irene Oh

Exhibit 10.4.2

AMENDMENT TO EMPLOYMENT AGREEMENT

This Amendment is dated as of December 1, 2023 (the "Amendment Effective Date") and amends that certain Employment Agreement dated as of December 1, 2021 (as amended from time to time, the "Employment Agreement") by and between East West Bancorp, Inc. ("Company") and Parker Shi ("Employee").

The following terms and conditions of the Employment Agreement are hereby modified as of the Amendment Effective Date:

1. Section 2 (Term) of the Employment Agreement is hereby modified in its entirety to read as follows:
   This Agreement and employment under this Agreement shall terminate on December 1, 2024 unless extended by Company.

2. Except as expressly agreed to herein, the Employment Agreement shall remain in force and effect.

EAST WEST BANCORP, INC.
/s/ GARY TEO
Gary Teo
Chief Human Resources Officer

/s/ PARKER SHI
Employee: Parker Shi

Exhibit 21.1

SUBSIDIARIES OF EAST WEST BANCORP, INC.
As of December 31, 2023

Subsidiary [(1)]	Jurisdiction of Incorporation or Organization
East West Bank	California

(1) Subsidiaries of East West Bancorp, Inc. other than East West Bank are not listed above since, in the aggregate, they would not constitute a significant subsidiary. East West Bank is 100% owned by East West Bancorp, Inc.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the registration statements (Nos. 333-46718, 333-54538, 333-113478, 333-118677, and 333-128828) on Form S-3 and (Nos. 333-88529, 333-88527, 333-56468, 333-85330, 333-91554, 333-105292, 333-232350, and 333-256597) on Form S-8 of our reports dated February 28, 2024, with respect to the consolidated financial statements of East West Bancorp, Inc. and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP
Los Angeles, California
February 28, 2024

Exhibit 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned directors of East West Bancorp, Inc., a Delaware corporation, hereby constitutes and appoints Dominic Ng and Christopher J. Del Moral-Niles, and each of them, his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead in any and all capacities, to sign one or more Annual Reports for the Company's fiscal year ended December 31, 2023 on Form 10-K under the Securities Exchange Act of 1934, as amended, or such other form as any such attorney-in-fact may deem necessary or desirable, any amendments thereto, and all additional amendments thereto, each in such form as they or any one of them may approve, and to file the same with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done so that such Annual Report shall comply with the Securities Exchange Act of 1934, as amended, and the applicable Rules and Regulations adopted or issued pursuant thereto, as fully and to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them or their substitute or resubstitute, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, each of the undersigned has set his or her hand this 27th day of February, 2024.

/s/ MANUEL P. ALVAREZ
Manuel P. Alvarez

/s/ MOLLY CAMPBELL
Molly Campbell

/s/ ARCHANA DESKUS
Archana Deskus

/s/ SERGE DUMONT
Serge Dumont

/s/ RUDOLPH I. ESTRADA
Rudolph I. Estrada

/s/ MARK HUTCHINS
Mark Hutchins

/s/ PAUL H. IRVING
Paul H. Irving

/s/ SABRINA KAY
Sabrina Kay

/s/ JACK C. LIU
Jack C. Liu

/s/ LESTER M. SUSSMAN
Lester M. Sussman

Exhibit 31.1

CERTIFICATION

CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002
FOR THE CHIEF EXECUTIVE OFFICER

I, Dominic Ng, certify that:

1. I have reviewed this Annual Report on Form 10-K of East West Bancorp, Inc. (the “registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 28, 2024

/s/ DOMINIC NG

Dominic Ng
Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002
FOR THE CHIEF FINANCIAL OFFICER

I, Christopher J. Del Moral-Niles, certify that:

1. I have reviewed this Annual Report on Form 10-K of East West Bancorp, Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 28, 2024

/s/ CHRISTOPHER J. DEL MORAL-NILES

Christopher J. Del Moral-Niles
Executive Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of East West Bancorp, Inc. (the "Company") on Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dominic Ng, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, based on my knowledge that:

a. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

b. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 28, 2024

/s/ DOMINIC NG

Dominic Ng
Chairman and Chief Executive Officer

Exhibit 32.2

CERTIFICATION

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of East West Bancorp, Inc. (the “Company”) on Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Christopher J. Del Moral-Niles, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, based on my knowledge that:

a. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

b. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 28, 2024

/s/ CHRISTOPHER J. DEL MORAL-NILES

Christopher J. Del Moral-Niles
Executive Vice President and Chief Financial Officer

Exhibit 97

Executive Compensation Clawback Policy

The Board of Directors (the “**Board**”) of East West Bancorp, Inc. (the “**Company**”) has adopted this Executive Compensation Clawback Policy (the “**Policy**”), which provides for the recovery of certain Incentive-Based Compensation (as defined below) in the event of an Accounting Restatement (as defined below). This Policy is designed to comply with, and shall be interpreted to be consistent with, Section 10D of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), Rule 10D-1 promulgated thereunder (“**Rule 10D-1**”) and the listing standards (the “**Listing Standards**”) of the Nasdaq Stock Market (“**Nasdaq**”) (collectively, the “**Applicable Rules**”).

1. Administration

Except as specifically set forth herein, this Policy shall be administered by the Compensation and Management Development Committee of the Board (the “**Committee**”). The Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. Any determinations made by the Committee shall be final and binding on all affected individuals and need not be uniform with respect to each individual covered by the Policy. In the administration of this Policy, the Committee is authorized and directed to consult with the full Board as may be necessary or appropriate as to matters within the scope of Committee’s responsibility and authority. Notwithstanding the foregoing, the Board may, from time to time, exercise discretion to administer and interpret this Policy, in which case all references herein to the Committee shall be deemed to refer to the Board.

Subject to any limitation at applicable law, the Committee may authorize and empower any officer or employee of the Company to take any and all actions necessary or appropriate to carry out the purpose and intent of this Policy (other than with respect to any recovery under this Policy involving such officer or employee).

2. Definitions

As used in this Policy, the following definitions shall apply:

A. “**Accounting Restatement**” means an accounting restatement of the Company’s financial statements due to the Company’s material noncompliance with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that corrects an error that is not material to previously issued financial statements but would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

Changes to financial statements that do not constitute an Accounting Restatement include retroactive: (i) application of a change from one generally accepted accounting principle to another generally accepted accounting principle; (ii) revisions to reportable segment information due to a change in internal organization; (iii) reclassification due to a discontinued operation; (iv) application of a change in reporting entity, such as from a reorganization of entities under common control; and (v) revisions for stock splits, reverse stock splits, stock dividends, or other changes in capital structure.

B. “**Applicable Period**” means the three completed fiscal years immediately preceding the date on which the Company is required to prepare an Accounting Restatement (“**Restatement Date**”), as well as any transition period (that results from a change in the Company’s fiscal year) within or immediately following those three completed fiscal years (except that a transition period that comprises a period of at least nine months shall count as a completed fiscal year). The “**Restatement Date**” is the earlier to occur of: (i) the date that the Board, applicable Board committee, or Company officer authorized to take action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare the Accounting Restatement or (ii) the date a court, regulator, or other legally authorized body directs the Company to prepare the Accounting Restatement, in each case regardless of if or when the restated financial statements are filed.

C. “**Covered Executives**” means the Company’s current and former executive officers, as determined by the Committee in accordance with the definition of executive officer set forth in Rule 10D-1 and the Listing Standards.

D. “**Excess Awarded Compensation**” has the meaning set forth in Section 5 of this Policy.

E. “**Financial Reporting Measure**” is (i) any measure that is determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, or any measure derived wholly or in part from such measure and (ii) stock price and total shareholder return. A Financial Reporting Measure needs not be presented within the Company’s financial statements or included in a filing with the Securities and Exchange Commission (the “**SEC**”).

F. “**Incentive-Based Compensation**” means any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure. Incentive-Based Compensation is deemed to be “**received**” in the Company’s fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant of such Incentive-Based Compensation occurs after the end of that period.

3. Covered Executives; Incentive-Based Compensation

This Policy applies to Incentive-Based Compensation received by a Covered Executive (a) after beginning service as a Covered Executive; (b) if that person served as a Covered Executive at any time during the Applicable Period for such Incentive-Based Compensation; and (c) while the Company had a listed class of securities on a national securities exchange or a national securities association.

4. Recoupment of Excess Awarded Compensation in the Event of an Accounting Restatement

In the event the Company is required to prepare an Accounting Restatement, the Company shall promptly recoup the amount of any Excess Awarded Compensation received by any Covered Executive, as calculated pursuant to Section 5 hereof, during the Applicable Period. Recovery of Excess Awarded Compensation under this Policy is on a “no fault” basis, meaning that it will occur regardless of whether the Covered Executive engaged in misconduct or was otherwise directly or indirectly responsible, in whole or in part, for the Accounting Restatement.

5. Excess Awarded Compensation: Amount Subject to Recovery

The amount of “Excess Awarded Compensation” subject to recovery under the Policy, as determined by the Committee, is the amount of Incentive-Based Compensation received by the Covered Executive during the Applicable Period that exceeds the amount of Incentive-Based Compensation that otherwise would have been received by the Covered Executive had it been determined based on the restated financial statements. Excess Awarded Compensation shall be computed by the Committee without regard to any taxes paid by the Covered Executive in respect of the Excess Awarded Compensation. For Incentive-Based Compensation based on stock price or total shareholder return, where the amount to be recovered is not subject to mathematical recalculation directly from the information in the Accounting Restatement, the amount to be recovered shall be based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return, as applicable, and the Company will maintain and provide to Nasdaq the documentation of the determination of such reasonable estimate if so required by the Applicable Rules.

6. Method of Recoupment

The Committee shall determine, in its sole discretion, the method for promptly recouping Excess Awarded Compensation hereunder, which may include, without limitation, (a) seeking reimbursement of all or part of any cash or equity-based award, (b) canceling prior cash or equity-based awards, whether vested or unvested or paid or unpaid, (c) canceling or offsetting against any planned future cash or equity-based awards, (d) forfeiture of deferred compensation, subject to compliance with Section 409A of the Internal Revenue Code and the regulations promulgated thereunder and (e) any other method authorized by applicable law or contract. At the direction of the Committee, the Company shall take all actions reasonable and appropriate to recover Excess Awarded Compensation from any applicable Covered Executive, and such Covered Executive shall be required to reimburse the Company for any and all expenses reasonably incurred (including legal fees) by the Company in recovering such Excess Awarded Compensation in accordance with this Policy.

The Committee may determine that repayment of Excess Awarded Compensation (or a portion thereof) is not required only where it determines that recovery would be impracticable solely for one or both of the following reasons and subject to the following procedural and disclosure requirements:

A. The direct expense paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered, provided the Company has (a) made a reasonable attempt to recover such Excess Awarded Compensation, (b) documented such reasonable attempt(s) to recover and (c) provided that documentation to Nasdaq; or

B. Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

7. No Indemnification of Covered Executives

Notwithstanding the terms of any indemnification or insurance policy or any contractual arrangement with any Covered Executive that may be interpreted to the contrary, neither the Company nor any of its affiliates shall indemnify any Covered Executive against the loss of any Excess Awarded Compensation, including any payment or reimbursement for the cost of third-party insurance purchased by any Covered Executive to fund potential clawback obligations under this Policy.

8. Indemnification of Committee

Any members of the Committee, and any other members of the Board who assist in the administration of this Policy, shall not be personally liable for any action, determination or interpretation made with respect to this Policy and shall be fully indemnified by the Company to the fullest extent under applicable law and Company policy with respect to any such action, determination or interpretation. The foregoing sentence shall not limit any other rights to indemnification of the members of the Board under applicable law or Company policy.

9. Applicability and Effective Date; Retroactive Application

This Policy shall be effective as of October 2, 2023 (the "**Effective Date**"). The terms of this Policy shall apply to any Incentive-Based Compensation that is received by any Covered Executive on or after the Effective Date, even if such Incentive-Based Compensation was approved, awarded, granted or paid to a Covered Executive prior to the Effective Date.

Each Covered Executive shall be required to execute the acknowledgement in Appendix A of this Policy as soon as practicable after the later of (i) the Effective Date and (ii) the date on which the employee is designated as a Covered Executive; provided, however, that failure to execute such acknowledgement shall have no impact on the enforceability of this Policy.

10. Amendment; Termination; Administration

The Board may amend, modify, supplement, rescind or replace all or any portion of or terminate this Policy at any time and from time to time in its discretion, and shall amend this Policy as it deems necessary to comply with applicable law or any rules or standards adopted by a national securities exchange on which the Company's securities are listed. Any such amendment, termination or other action shall not be effective if it would (after taking into account any actions taken by the Company contemporaneously with such action) cause the Company to violate the Applicable Rules.

In the event of any conflict or inconsistency between this Policy and any other policies, plans, or other materials of the Company (including any agreement between the Company and any Covered Executive subject to this Policy), this Policy will govern.

This Policy will be enforced and, if applicable, appropriate proxy disclosures and exhibit filings will be made in accordance with the Applicable Rules.

This Policy will be deemed to be automatically updated to incorporate any requirement of law, the SEC, exchange listing standard, rule or regulation applicable to the Company.

11. Other Recoupment Rights; Company Claims

The Board intends that this Policy shall be applied to the fullest extent of the law. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company under applicable law or pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company. Nothing contained in this Policy, and no recoupment or recovery as contemplated by this Policy, shall limit any claims, damages or other legal remedies the Company or any of its affiliates may have against a Covered Executive arising out of or resulting from any actions or omissions by the Covered Executive.

12. Successors

This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.