UNITED STATES OF AMERICA BEFORE THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM WASHINGTON, D.C.

Written Agreement by and among

Docket Nos. 15-030-WA/RB-SM

EAST WEST BANK Pasadena, California

and

FEDERAL RESERVE BANK OF SAN FRANCISCO San Francisco, California

WHEREAS, East West Bank, Pasadena, California (the "Bank") is a state-chartered bank that is a member of the Federal Reserve System;

WHEREAS, the Bank maintains a foreign branch in Hong Kong and has various foreign subsidiaries, including representative offices and an international banking subsidiary in Shanghai, China (collectively, with the Hong Kong Branch, the "Bank's Foreign Operations"), and various domestic subsidiaries;

WHEREAS, the most recent examinations of the Bank conducted by the Federal Reserve Bank of San Francisco (the "Reserve Bank") and the California Department of Business Oversight Division of Financial Institutions identified certain deficiencies relating to compliance with applicable laws, rules, and regulations relating to anti-money laundering ("AML"), including compliance with the Bank Secrecy Act ("BSA") (31 U.S.C. § 5311 *et seq.*); the rules and regulations issued thereunder by the U.S. Department of Treasury (31 C.F.R. Chapter X); and the AML requirements of Regulation H of the Board of Governors of the Federal Reserve

System (the "Board of Governors") (12 C.F.R. § 208.62 et seq.) (collectively, "BSA/AML Requirements");

WHEREAS, the Bank, the Board of Governors, and the Reserve Bank have the common goals that the Bank operate in compliance with all applicable BSA/AML Requirements;

WHEREAS, on November 9, 2015, the board of directors of the Bank adopted resolutions authorizing and directing Douglas P. Krause to enter into this Written Agreement (the "Agreement") on behalf of the Bank and consenting to compliance with each and every provision of this Agreement by the Bank.

NOW, THEREFORE, the Reserve Bank and the Bank hereby agree as follows:

Board Oversight

- 1. Within 60 days of this Agreement, the Bank's board of directors shall submit a written plan acceptable to the Reserve Bank to strengthen the board's oversight of the Bank's compliance with the BSA/AML Requirements and the regulations issued by the Office of Foreign Assets Control of the United States Department of the Treasury ("OFAC") (31 C.F.R. Chapter V) (the "OFAC Regulations"). The plan shall describe the actions that the board of directors will take to improve the Bank's compliance with the BSA/AML Requirements and OFAC Regulations. The plan shall, at a minimum, address, consider, and include:
- (a) the establishment of a BSA/AML and OFAC compliance committee, the majority of whom shall be outside directors;
- (b) clearly defined roles and responsibilities for senior management to oversee compliance with the BSA/AML Requirements and the OFAC Regulations;

- (c) measures to improve the information reported to the board of directors and its designated compliance committee regarding compliance with BSA/AML Requirements and OFAC Regulations; and
- (d) an assessment of the qualifications of the Bank's BSA/AML and OFAC compliance staff and the adequacy of staffing levels.
- 2. For the purposes of this Written Agreement, the term: (i) "outside director" is defined as an individual, not an employee or executive officer of East West Bancorp, Inc., Pasadena, California ("Bancorp"), the Bank, or their affiliates, who owns less than 10 percent of the outstanding voting stock of Bancorp or the Bank and who is not related in any manner to any shareholder who owns 10 percent or more of the outstanding voting stock of Bancorp or the Bank or any related interest of such a shareholder; (ii) "affiliate" is defined as set forth in section 215.2(a) of Regulation O of the Board of Governors ("Regulation O") (12 C.F.R. 215.2(a)) and, (iii) "related interest" is defined as set forth in section 215.2(n) of Regulation O (12 C.F.R. 215.2(n)).

BSA/AML Compliance Program

- 3. Within 60 days of this Agreement, the Bank shall submit a written revised program for compliance with all applicable BSA/AML Requirements acceptable to the Reserve Bank. At a minimum, the revised program shall include:
- (a) a system of internal controls to ensure compliance by the Bank with all applicable BSA/AML Requirements;
- (b) controls designed to ensure compliance with all applicable requirements relating to correspondent accounts for foreign financial institutions, including, but not limited to, the Bank's Foreign Operations;

- (c) policies and procedures designed to ensure identification and verification of the identity of account holders in accordance with applicable regulations;
- (d) a comprehensive BSA/AML risk assessment that identifies and considers all products and services of the Bank, customer types, and geographic locations, as appropriate, in determining inherent and residual risks;
- (e) enhanced independent testing to ensure that comprehensive and timely reviews of the Bank's BSA/AML compliance program are performed on a regular basis by qualified parties who are independent of the Bank's business lines and compliance function; and
- (f) improved management of the AML risks associated with the Bank's Foreign Operations.
- 4. In revising the program required by paragraph 3, the Bank shall consider the findings and recommendations of the consultants recently engaged by the Bank to assist in matters related with the BSA/AML Requirements.

Customer Due Diligence

- 5. Within 60 days of this Agreement, the Bank shall submit a written revised program for conducting appropriate levels of customer due diligence by the Bank, including the customers of the Bank's Foreign Operations, acceptable to the Reserve Bank. At a minimum, the revised program shall include:
- (a) policies, procedures, and controls to ensure that the Bank collects, analyzes, and retains complete and accurate customer information for all account holders, to include, but not limited to:
- (i) documentation necessary to verify the identity, source of wealth, and business activities of the customer; and

- (ii) documentation necessary to understand the normal and expected transactions of the customer;
- (b) a plan, with timelines, to remediate deficient due diligence for existing customer accounts:
- (c) a revised methodology for assigning risk ratings to account holders that considers factors such as type of customer, type of products and services, and geographic location;
 - (d) a risk-focused assessment of the customer base to:
- (i) identify the categories of customers whose transactions and banking activities are routine and usual; and
- (ii) determine the appropriate level of enhanced due diligence necessary for those categories of customers that pose a heightened risk of conducting potentially illicit activities at or through the Bank and its subsidiaries;
- (e) policies, procedures, and controls to ensure that foreign correspondent accounts are properly identified and accorded the appropriate due diligence and, where necessary, enhanced due diligence; and
- (f) procedures to ensure periodic reviews and evaluations are conducted and documented for all account holders.

Suspicious Activity Monitoring and Reporting

6. Within 60 days of the Agreement, the Bank shall submit an enhanced written program acceptable to the Reserve Bank to reasonably ensure the identification and timely, accurate, and complete reporting by the Bank of all known or suspected violations of law or suspicious transactions to law enforcement and supervisory authorities, as required by applicable

suspicious activity reporting laws and regulations. At a minimum, the enhanced program shall include:

- (a) policies and procedures to ensure all necessary customer and transactional data is collected from across all business lines and is aggregated into an appropriate transaction monitoring system to ensure comprehensive suspicious activity monitoring;
- (b) a well-documented methodology for establishing monitoring rules and processes that take into consideration the Bank's risk profile, products, services, customer base, geographic locations, and foreign correspondent banking activities;
- (c) effective monitoring of customer accounts and transactions, including, but not limited to, transactions conducted through foreign correspondent accounts including retail and commercial transactions;
- (d) measures to ensure escalation to, and documented oversight by, senior management of significant matters; and
- (e) policies, procedures, and controls with respect to the review and analysis of suspicious activity, including the escalation and resolution of concerns, and maintenance of supporting documentation.

Transaction Monitoring System

7. Within 60 days of this Agreement, the Bank shall submit a written plan to the Reserve Bank, including a timetable, for the full installation, testing, and activation of an effective automated transaction monitoring system to reasonably ensure the identification and timely, accurate, and complete reporting by the Bank of all known or suspected violations of law or suspicious transactions to law enforcement and supervisory authorities, as required by applicable suspicious activity reporting laws and regulations.

Transaction Review

- 8. (a) Within 30 days following completion of the customer account remediation required by paragraph 5(b) of this Agreement, the Bank shall engage an independent consultant, acceptable to the Reserve Bank, to conduct a review of account and transaction activity associated with any high risk customer accounts conducted at, by, or through the Bank from April 1, 2014 to October 31, 2014 to determine whether suspicious activity involving high risk customer accounts or transactions at, by, or through the Bank was properly identified and reported in accordance with applicable suspicious activity reporting regulations (the "Transaction Review") and to prepare a written report detailing the consultant's findings (the "Transaction Review Report").
- (b) Based on the Reserve Bank's evaluation of the results of the Transaction Review, the Reserve Bank may direct the Bank to engage the independent consultant to conduct a review of the types of transactions described in paragraph 8(a) for additional time periods.
- 9. Within 10 days of the engagement of the independent consultant, but prior to the commencement of the Transaction Review, the Bank shall submit to the Reserve Bank for approval an engagement letter that sets forth:
 - (a) The scope of the Transaction Review;
 - (b) the methodology for conducting the Transaction Review;
 - (c) the expertise and resources to be dedicated to the Transaction Review;
- (d) the anticipated date of completion of the Transaction Review and the Transaction Review Report; and
- (e) a commitment that supporting material associated with the Transaction Review will be made available to the Reserve Bank upon request.

- 10. The Bank shall provide to the Reserve Bank a copy of the Transaction Review Report at the same time that the report is provided to the Bank.
- 11. Throughout the Transaction Review, the Bank shall ensure that all matters or transactions required to be reported that have not previously been reported are reported in accordance with applicable rules and regulations.

Office of Foreign Assets Control Compliance

12. Within 60 days of this Agreement, the Bank shall submit a plan to enhance the Bank's compliance with the OFAC Regulations acceptable to the Reserve Bank, including but not limited to, enhanced OFAC screening procedures, an improved methodology for assessing OFAC risks, and enhanced policies and procedures to ensure compliance with the OFAC Regulations.

Approval, Implementation and Progress Reports

- 13. (a) The Bank shall submit written plans and programs that are acceptable to the Reserve Bank within the applicable time periods set forth in paragraphs 1, 3, 5, 6, 7, and 12 of this Agreement. Each plan or program shall contain a timeline for full implementation of the plan or program with specific deadlines for the completion of each component of the plan or program. An independent consultant acceptable to the Reserve Bank shall be retained by the Bank within the time period set forth in paragraph 8(a) of this Agreement. An engagement letter acceptable to the Reserve Bank shall be submitted within the time period set forth in paragraph 9 of this Agreement.
- (b) Within 10 days of approval by the Reserve Bank, the Bank shall adopt the approved plans and programs. Upon adoption, the Bank shall promptly implement the approved plans and programs, and thereafter fully comply with them.

- (c) During the term of this Agreement, the approved plans and programs shall not be amended or rescinded without the prior written approval of the Reserve Bank.
- 14. Within 30 days after the end of each calendar quarter following the date of this Agreement, the boards of directors of the Bank, or an authorized committee thereof, shall submit to the Reserve Bank, written progress reports detailing the form and manner of all actions taken to secure compliance with this Agreement, a timetable and schedule to implement specific remedial actions to be taken, and the results thereof.

Communications

- 15. All communications regarding this Agreement shall be sent to:
 - (a) Monica Myrick
 Central Point of Contact
 Federal Reserve Bank of San Francisco
 101 Market Street
 San Francisco, CA 94105
 - (b) Douglas P. Krause
 General Counsel
 East West Bank
 135 N. Los Robles Avenue, 7th Floor
 Pasadena, CA 91101

Miscellaneous

16. Notwithstanding any provision of this Agreement to the contrary, the Reserve Bank may, in its sole discretion, grant written extensions of time to the Bank to comply with any provision of this Agreement.

17. The provisions of this Agreement shall be binding on the Bank, and each of its

institution-affiliated parties, as defined in section 3(u) of the Federal Deposit Insurance Act, as

amended (the "FDI Act") (12 U.S.C. § 1813(u)) in their capacities as such, and their successors

and assigns.

18. Each provision of this Agreement shall remain effective and enforceable until

stayed, modified, terminated, or suspended in writing by the Reserve Bank.

19. The provisions of this Agreement shall not bar, estop, or otherwise prevent the

Board of Governors, the Reserve Bank, or any other federal or state agency from taking any

other action affecting Bancorp, the Bank, any of their subsidiaries, or any of their current or

former institution-affiliated parties and their successors and assigns.

20. Pursuant to section 50 of the FDI Act (12 U.S.C. § 1831aa), this Agreement

is enforceable by the Board of Governors under section 8 of the FDI Act (12 U.S.C. § 1818).

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of

the 9th day of November, 2015.

EAST WEST BANK

FEDERAL RESERVE BANK OF

SAN FRANCISCO

By: /s/ Douglas P. Krause____

Douglas P. Krause

General Counsel

By: /s/ Lee J. Kapos_

Lee J. Kapos

Director-Regional Institutions

Group

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