

EAST WEST BANCORP INC  
Form DEF 14A  
April 19, 2017

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No.        )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**East West Bancorp, Inc.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held at 2:00 p.m. Pacific Time on May 23, 2017**

**TO THE STOCKHOLDERS OF EAST WEST BANCORP, INC.:**

The Annual Meeting of Stockholders of East West Bancorp, Inc. a Delaware corporation, will be held on May 23, 2017, at 2:00 p.m. Pacific Time, at 135 N. Los Robles Ave., 6<sup>th</sup> Floor, Pasadena, California, for the following purposes, as more fully described in the accompanying Proxy Statement:

1. To elect nine directors to serve until the next annual meeting of stockholders and to serve until their successors are elected and qualified;
2. To approve, on an advisory basis, our executive compensation;
3. To approve, on an advisory basis, the frequency of future advisory votes on executive compensation;
4. To approve and adopt the Company's 2017 Performance-Based Bonus Plan, as amended and restated;
5. To ratify the appointment of KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2017; and
6. To transact such other business as may properly come before the Annual Meeting or any postponement or adjournment of the Annual Meeting.

The Board of Directors of East West Bancorp has fixed the close of business on March 29, 2017 as the record date for the Annual Meeting. Only holders of our common stock as of the record date are entitled to notice of and to vote at the Annual Meeting. Further information regarding voting rights and the matters to be voted upon is presented in the Proxy Statement.

Properly signed and returned proxy cards permit each proxy holder to vote on any other business that may properly come before the Annual Meeting and at any and all adjournments thereof, in his or her discretion. As of the date of mailing, the Board of Directors of the Company is not aware of any other matters that may come before the Annual Meeting.

**YOUR VOTE IS VERY IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING OF STOCKHOLDERS, WE URGE YOU TO SUBMIT YOUR VOTE VIA THE INTERNET, TELEPHONE OR MAIL.**

We appreciate your continued support of East West Bancorp, Inc.

By order of the Board of Directors,

/s/ DOUGLAS P. KRAUSE  
DOUGLAS P. KRAUSE  
*Corporate Secretary*  
Pasadena, California  
April 17, 2017

**TABLE OF CONTENTS**

<b><u>SUMMARY OF PERFORMANCE AND PROXY INFORMATION</u></b>	5
<u>Matters to be Considered and Vote Recommendation</u>	5
<u>Fiscal 2016 Highlights</u>	6
<u>Summary Information About Director Nominees</u>	7
<u>Corporate Governance Highlights</u>	8
<u>Executive Compensation Highlights</u>	9
<b><u>VOTING INFORMATION AND QUESTIONS YOU MAY HAVE</u></b>	10
<b><u>BOARD OF DIRECTORS AND CORPORATE GOVERNANCE</u></b>	14
<b><u>Proposal 1: Election of Directors</u></b>	14
<u>Board of Directors and Nominees</u>	14
<u>Director Qualifications and Experience</u>	15
<u>Governance Documents</u>	18
<u>Director Independence, Financial Experts and Risk Management Experience</u>	18
<u>Board Leadership Structure</u>	19
<u>Board Meetings and Committees</u>	20
<u>Certain Relationships and Related Transactions</u>	25
<u>Director Compensation</u>	26
<b><u>COMPENSATION OF EXECUTIVE OFFICERS</u></b>	28
<u>Compensation Discussion and Analysis</u>	28
<u>Framework and Process for Determining Executive Compensation</u>	32
<u>Primary Elements of Our Executive Compensation Program</u>	36
<u>2016 Compensation Decisions for Named Executive Officers</u>	42

<u>2017 Executive Compensation Program Decisions</u>	45
<u>Other Compensation Policies and Information</u>	46
<u>Report by Compensation Committee</u>	47
<b><u>Proposal 2: Advisory Vote to Approve Executive Compensation</u></b>	56
<b><u>Proposal 3: Advisory Vote on Frequency of Stockholder “Say-on-Pay”</u></b>	57

<b><u>APPROVAL OF PERFORMANCE-BASED BONUS PLAN</u></b>	58
<b><u>Proposal 4: Approval of East West Bancorp, Inc. 2017 Performance-Based Bonus Plan, as Amended</u></b>	58
<u>Overview of 2017 Performance-Based Bonus Plan</u>	58
<u>Summary of Plan Features</u>	59
<b><u>RATIFICATION OF AUDITORS</u></b>	62
<b><u>Proposal 5: Ratification of Auditors</u></b>	62
<u>Audit Fees, Audit Related Fees, Tax Fees and All Other Fees</u>	62
<u>Report by Audit Committee</u>	63
<b><u>OTHER INFORMATION</u></b>	65
<u>Stock Ownership of Principal Stockholders, Directors and Management</u>	65
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	66
<u>Proposals of Stockholders</u>	66
<u>Annual Report on Form 10-K</u>	66
<u>Other Business</u>	67
<b><u>EXHIBIT A</u></b>	68
<u>2017 East West Bancorp, Inc. Performance-Based Bonus Plan, as Amended</u>	69

## **SUMMARY OF PERFORMANCE AND PROXY INFORMATION**

### **Your Vote is Important**

This summary highlights information contained elsewhere in the Proxy Statement. This summary does not contain all of the information that you should consider and you should read the entire Proxy Statement before voting. For more complete information regarding the East West Bancorp, Inc.'s (the "Company") 2016 financial performance, please review our Annual Report on Form 10-K for the year ended December 31, 2016.

This Proxy Statement and the enclosed Proxy are furnished in connection with the solicitation of proxies by our Board of Directors ("Board") for use at the annual meeting of stockholders to be held on May 23, 2017, and any postponements, adjournments or continuations thereof (the "Annual Meeting"). This Proxy Statement and the enclosed Proxy and other enclosures are first being mailed to stockholders on or about April 21, 2017. Only stockholders of record on March 29, 2017 ("Record Date") are entitled to vote in person or by proxy at the Annual Meeting. The mailing address of the Company's principal executive office is 135 N. Los Robles Avenue, 7<sup>th</sup> Floor, Pasadena, California 91101.

### **Matters to be Considered and Vote Recommendation**

We are asking stockholders to vote on the following matters at the 2017 Annual Meeting of Stockholders:

#### **Matters for Stockholder Consideration**

#### **Our Board's Recommendation**

##### **Proposal 1. Election of Directors (page 14)**

#### **FOR each Director Nominee**

The Board believes that the nine (9) director nominees possess the necessary qualifications to provide effective oversight of the Company's business and quality advice and counsel to our management.

##### **Proposal 2. Advisory Vote to Approve Executive Compensation (page 56)**

#### **FOR**

The Company seeks a non-binding advisory vote from its stockholders to approve the compensation of its Named Executive Officers for 2016 as described in the Compensation Discussion and Analysis section beginning on page 28 and the tables that follow. The Board



values stockholders' opinions and the Compensation Committee will take into account the outcome of the advisory vote when considering future executive compensation decisions.

**Proposal 3. Advisory Vote on the Frequency of Stockholder "Say on Pay" (page 57)**

The Company is required no less frequently than every six (6) years to submit for stockholder determination whether advisory votes on executive compensation should be held every one, two or three years. The Board recommends that stockholders approve holding the advisory vote on executive compensation every year. An annual advisory vote will enable stockholders to provide timely, direct input on the Company's executive compensation program.

**FOR "ONE" year**

**Proposal 4. Approval of East West Bancorp, Inc. 2017 Performance-Based Bonus Plan, as amended (page 58)**

As discussed further under the Compensation Discussion and Analysis section beginning on page 28, the Board has adopted, and proposes that our stockholders approve, the East West Bancorp, Inc. 2017 Performance-Based Bonus Plan (the "Amended Bonus Plan"), as amended. The Amended Bonus Plan, which must be approved every five (5) years by stockholders, was established to enable the Company and its subsidiaries to attract, retain and motivate employees whose decisions and actions may significantly affect the growth, profitability and efficient operation of the Company. In accordance with federal law, the Company's Amended Bonus Plan must be re-approved by stockholders at least every five (5) years so that bonuses payable to employees covered by the Amended Bonus Plan remain fully deductible for federal tax purposes. The Board and Compensation Committee believe that the Amended Bonus Plan has been integral to the Company's success in the past and is vital to its ability to achieve strong performance in the future.

**FOR**

**Proposal 5: Ratification of Auditors (page 62)**

The Audit Committee and the Board believe that the continued retention of KPMG LLP to serve as the Independent Registered Public Accounting Firm of the Company for the fiscal year ending December 31, 2017 is in the best interests of the Company and its stockholders. As a matter of

**FOR**

good corporate governance, stockholders are being asked to ratify the Audit Committee's selection of the Independent Registered Public Accounting Firm.

## Fiscal 2016 Highlights

The Company achieved record earnings and growth in 2016, building on its unique niche as the financial bridge between the East and the West and its cross-border expertise across a number of industry specializations. The sustained success of the Company's bridge model between East and West is reflected in the following key metrics:

- **Seventh Consecutive Year of Record Earnings:** Our full year 2016 net income was \$431.7 million, which grew by 12% year-over-year from \$384.7 million in 2015. Our diluted earnings per share ("EPS") for the full year of 2016 were \$2.97, which is an increase of \$0.31 or 12% from \$2.66 in 2015.
- **Strong Financial Performance:** Our full year 2016 return on assets of 1.3% and return of equity of 13.1% were in the Top 10% of publicly traded banks in the United States.<sup>1</sup>
- **Among Best Banks in America:** Ranked in the Top 15 of the 100 Best Banks in America by Forbes for six consecutive years (2010-2017).<sup>2</sup>
- **Record Assets:** Total assets grew 8% year over year, to reach a record \$34.8 billion as of December 31, 2016.
- **Record Loans:** Total loans grew \$1.8 billion, or 8%, to a record \$25.5 billion as of December 31, 2016, from \$23.7 billion as of December 31, 2015.
- **Record Deposits:** Total deposits grew \$2.4 billion, or 9%, to a record \$29.9 billion as of December 31, 2016, from \$27.5 billion as of December 31, 2015.

<sup>1</sup> Source: SNL Financial L.C.

<sup>2</sup> Forbes article dated January 10, 2017.



**Summary Information about Director Nominees**

The following table provides summary information about each director nominee and continuing director as of March 31, 2017.

<b>Name</b>	<b>Age</b>	<b>Director Since</b>	<b>Primary Occupation</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>E</b>	<b>N</b>	<b>R</b>
<b>Molly Campbell*</b>	56	2014	<i>Director of the Port Department, Port Authority of New York and New Jersey</i>	<b>FE</b>					
<b>Iris S. Chan*</b>	71	2010	<i>CEO of Ameriway</i>						<b>RE</b>
<b>Rudolph I. Estrada*</b>	69	2005	<i>CEO of Estradagy Business Advisors</i>						<b>Chair</b>
<b>Paul H. Irving*</b>	64	2010	<i>Chairman of the Milken Institute Center for the Future of Aging</i>						<b>Chair</b>
<b>Herman Y. Li*</b>	64	1998	<i>Chairman of C&amp;L Restaurant Group, Inc.</i>						<b>Chair</b>
<b>Jack C. Liu*</b>	58	1998	<i>Senior Attorney, Alliance International Law Offices</i>						<b>Chair</b>
<b>Dominic Ng</b>	58	1991	<i>Chairman of the Board and CEO of East West Bancorp, Inc. and East West Bank</i>						<b>Chair</b>
	82	2000	<i>Managing Partner of Renken Enterprises</i>						

**Keith W.  
Renken\***

**FE**

**Lester M.  
Sussman\***

62 2015

*Senior Practice Director of Resources  
Global Professionals*

**Chair**

**FE**

**RE**

**A** = Audit Committee; **B** = BSA/AML & OFAC Compliance Steering Committee; **C** = Compensation Committee; **E** = Executive Committee;

**N** = Nominating/Corporate Governance Committee; **R** = Risk Oversight Committee

\* = Independent Director; **LD** = Lead Director; **FE** = Audit Committee Financial Expert; **RE** = Risk Oversight Committee Risk Expert

## Director Dashboard

### Corporate Governance Highlights

We are committed to good corporate governance, which promotes the long-term interests of our stockholders and strengthens our Board and management accountability. Highlights of our corporate governance practices include:

- 8 of our 9 continuing Directors are independent, with the exception being our CEO

- Our Board has adopted and published guidelines for a Lead Director position to guide the Company's oversight, which includes conducting regular sessions of independent directors

- The Audit, BSA/AML & OFAC Compliance, Compensation, Nominating/Corporate Governance, and Risk Oversight Committees are restricted to independent directors

- In 2016, all Directors attended 100% of all meetings of the Board. The attendance rate at Committee meetings was 97%.

- The annual election of Directors requires any Director nominee who does not receive a sufficient number of votes to offer to resign. The Board, after considering the recommendation of the Nominating/Corporate Governance Committee, will determine whether or not to accept the resignation.

- We have a Code of Ethical Conduct for all Directors and Officers

- We have meaningful stock ownership guidelines for our Directors and Senior Management

- We have a strict policy of prohibiting pledging or hedging of Company shares

- We conduct an annual "Say-on-Pay" vote

- We do not have a stockholder rights plan or a "poison pill" provision that some companies adopt to make it difficult for an acquirer to obtain control without the approval of the company's board

- Stockholders may call special meetings and the threshold to call a special meeting is 10% of our shares

## Executive Compensation Highlights

We measure executive performance by evaluating both the achievement of specific financial goals and the long-term performance of the Company. We align the pay and performance of our executives to the success of our business and the interests of our stockholders. We do this by providing short-term cash bonuses tied to our revenue performance and by granting long-term equity awards. The Company has a commitment to strong and sustainable governance and compensation practices. The Company continuously reviews its compensation practices to ensure that they are effective. Our compensation practices include the following features:

- A substantial majority of executive compensation is at risk and subject to performance metrics

A majority of the CEO's compensation is long-term incentive compensation that is at risk and subject to performance metrics

Our stock ownership guidelines for senior officers include the requirement that the majority of stock grants must be held until retirement

- We do not provide "single trigger" change in control payments to our executive officers

- No tax gross-ups for change in control benefits

The Company has the right to "claw back" any bonus payment or incentive award from the named executive officers in the event of a restatement of the Company's financial statements

- 100% of the Directors on our Compensation Committee are independent

- Compensation consultants are independent from management

· Transparent, objective peer and market comparative financial performance metrics aligned with stockholder interests

- Annual review and approval of our compensation strategy

## **VOTING INFORMATION AND QUESTIONS YOU MAY HAVE**

The information provided in the “question and answer” format below is for your convenience only and is merely a summary of the information contained in this Proxy Statement. You should read this entire Proxy Statement carefully.

### **What matters am I voting on?**

You will be voting on:

- The election of nine (9) Directors to hold office until the 2018 annual meeting of stockholders or until their successors are duly elected and qualified;
- An advisory vote to approve the compensation of our named executive officers, as described in this Proxy Statement;
  - An advisory vote to recommend the frequency of future advisory votes on executive compensation;
  - The approval of the East West Bancorp, Inc. 2017 Performance-Based Bonus Plan, as amended;
- A proposal to ratify the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017; and
  - Any other business that may properly come before the Annual Meeting.

### **How does the Board recommend I vote on these proposals?**

The Board recommends a vote:

- **FOR** the election of the nominees as Directors;
- **FOR** approval, on an advisory basis, of our named executive officer compensation for 2016;
- **FOR** an advisory vote on executive compensation every **ONE** year;



- **FOR** approval of the East West Bancorp, Inc. 2017 Performance-Based Performance Plan, as amended; and

**FOR** the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017.

### **Who is entitled to vote?**

Holders of our common stock as of the close of business on March 29, 2017 (the Record Date), may vote at the Annual Meeting. As of the Record Date, we had 144,461,441 shares of common stock outstanding. In deciding all matters at the Annual Meeting, each stockholder will be entitled to one vote for each share of common stock held on the Record Date. We do not have cumulative voting rights for the election of directors.

**Stockholders of Record.** If your shares are registered directly in your name with our transfer agent, you are considered the stockholder of record with respect to those shares, and this Proxy Statement was provided to you directly by us. As the stockholder of record, you have the right to delegate your voting directly to the individuals listed on the Proxy or to vote in person at the Annual Meeting.

**Street Name Stockholders.** If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name, or a street name stockholder, and this Proxy Statement was forwarded to you by your broker, bank or other nominee, who is considered the stockholder of record with respect to those shares. As the beneficial owner, you have the right to direct your broker, bank or other nominee on how to vote your shares. Beneficial owners are also invited to attend the Annual Meeting. However, because beneficial owners are not the stockholder of record, you may not vote your shares in person at the Annual Meeting unless you follow your broker's, bank's or other nominee's procedures for obtaining a legal proxy giving you the right to vote your shares at the Annual Meeting.

## How do I vote?

If you are a stockholder of record, you may:

instruct the proxy holder or holders on how to vote your shares by using the internet voting site or the toll-free telephone number listed in this Proxy Statement, 24-hours a day, seven days a week, until 11:59 p.m. Eastern Time on May 22, 2017 (have your Proxy in hand when you call or visit the website);

instruct the proxy holder or holders on how to vote your shares by completing and mailing your Proxy to the address indicated on your Proxy (if you received printed proxy materials), which must be received by the time of the Annual Meeting; or

vote by written ballot in person at the Annual Meeting.

If you are a street name stockholder, you will receive instructions from your broker, bank or other nominee. The instructions from your broker, bank or other nominee will indicate the various methods by which you may vote, including whether internet or telephone voting is available.

Brokerage firms and other intermediaries holding shares in street name for their customers are generally required to vote those shares in the manner directed by their customers. A “Broker Non-Vote” occurs when the entity holding shares in street name has not received voting instructions from the beneficial owner and either chooses not to vote those shares on a routine matter at the stockholders meeting or is not permitted to vote those shares on a non-routine matter

Absent timely direction from you, your broker, bank or other nominee will have discretion to vote your shares on “routine” matters only. The only “routine” matter to be decided at the Annual Meeting is the proposal to ratify the appointment of KPMG LLP as our independent registered public accounting firm (Proposal 5)

Absent timely direction from you, your broker will not have discretion to vote on the other matters submitted for a vote at the Annual Meeting, which are the election of Directors, the advisory vote to approve executive compensation, the advisory vote on the frequency of future advisory votes on executive compensation, and approval of the Performance-Based Bonus Plan (Proposals 1 through 4), as they are “non-routine” matters

## Can I change or revoke my vote?

Yes. Subject to any rules that your broker, bank or other nominee may have, you can change your vote or revoke your proxy before the Annual Meeting.

If you are a registered stockholder, you may change your vote by:

- entering a new vote via internet, smartphone or by telephone by 11:59 p.m. Eastern Time on May 22, 2017; or
- returning a later-dated Proxy which must be received by the time of the Annual Meeting; or
- completing a written ballot in person at the Annual Meeting.

If you are a stockholder of record, you may revoke your proxy by providing our Corporate Secretary with a written notice of revocation prior to your shares being voted at the Annual Meeting. The written notice of revocation may be hand delivered to the Company's Corporate Secretary, or mailed to and received by East West Bancorp at 135 N. Los Robles Ave., 7<sup>th</sup> Floor, Pasadena, California 91101, Attention: Corporate Secretary.

If you are a street name stockholder, you may change your vote by:

- submitting new voting instructions to your broker, bank or other nominee pursuant to instructions provided by your broker, bank or other nominee; or
- completing a written ballot at the Annual Meeting; provided you have obtained a legal proxy from your broker, bank or other nominee giving you the right to vote the shares.

If you are a street name stockholder, you must contact your broker, bank or other nominee that holds your shares to find out how to revoke your proxy.

**What is the effect of giving a proxy?**

Proxies are solicited by and on behalf of our Board. The persons named in the Proxy have been designated as proxy holders. When Proxies are properly dated, executed and returned, the shares represented by those Proxies will be voted at the Annual Meeting in accordance with the instructions of the stockholder. If no specific instructions are given, however, the shares will be voted in accordance with the recommendations of our Board as described above. If any matter not described in the Proxy Statement is properly presented at the Annual Meeting, the proxy holders will use their own judgment to determine how to vote your shares. If the Annual Meeting is adjourned, the proxy holders can vote your shares on the new meeting date as well, unless you have properly revoked your proxy.

**How many votes are needed for approval of each matter?**

**Proposal 1 -- Election of Directors:** The Company's bylaws provide for majority voting in uncontested director elections and plurality voting in contested director elections. Because this election is uncontested, each director nominee must be elected by a vote of the majority of the votes cast. A majority of the votes cast means the number of votes cast "For" a nominee's election exceeds the number of votes cast to "Withhold" approval for that nominee. You may vote "For" or "Withhold" with respect to each director nominee. Abstentions and Broker Non-Votes will have no effect on the outcome of the election on this Proposal.

**Proposal 2 -- Advisory Vote to Approve Executive Compensation:** The advisory vote to approve the compensation of our named executive officers for 2016 must receive the affirmative vote of at least a majority of the shares present in person or by proxy at the Annual Meeting and entitled to vote thereon. You may vote "For," "Against," or "Abstain" with respect to this proposal. Abstentions are considered votes cast and thus will have the same effect as votes "Against" this proposal. Broker Non-Votes will have no effect on the outcome of the election on this Proposal. Because this vote is advisory only, it will not be binding on us or on our Board.

**Proposal 3 -- Advisory Vote on the Frequency of Future Advisory Votes on Executive Compensation:** In casting your advisory vote on the frequency of future advisory votes on executive compensation, you should indicate on your Proxy card whether the vote should be held every "One," "Two," or "Three" years. If you have no preference, you should "Abstain." The option of "One" year, "Two" years or "Three" years that receives the greatest number of votes will be deemed to have received the recommendation of the stockholders. Abstentions and Broker Non-Votes will have no effect on the outcome of the election on this Proposal. Because this vote is advisory only, it will not be binding on us or on our Board.

**Proposal 4 -- Approval of the East West Bancorp, Inc. 2017 Performance-Based Bonus Plan, as amended:** The approval of the Amended Bonus Plan must receive the affirmative vote of at least a majority of the shares present in person or by proxy at the Annual Meeting and entitled to vote. You may vote "For," "Against," or "Abstain" with respect to this proposal. Abstentions are considered votes cast and thus will have the same effect as a vote "Against" the proposal.

Broker Non-Votes will have no effect on the outcome of this Proposal.

**Proposal 5 -- Ratification of Auditors:** The ratification of the appointment of KPMG LLP must receive the affirmative vote of at least a majority of the shares present in person or by proxy at the Annual Meeting and entitled to vote. You may vote "For," "Against," or "Abstain" with respect to this proposal. Abstentions are considered votes cast and thus will have the same effect as a vote "Against" the proposal. Broker non-votes will have no effect on the outcome of this Proposal.

**Are there any other matters presented for action at the Annual Meeting?**

The enclosed Proxy confers discretionary authority with respect to matters incident to the Annual Meeting and any other proposals of which management did not have notice at least 45 days prior to the date on which the Company mailed its proxy material for last year's annual meeting of stockholders. As of the date hereof, management is not aware of any other matters to be presented for action at the Annual Meeting. However, if any other matters properly come before the Annual Meeting, the Proxies solicited hereby will be voted by the Proxy holders in accordance with the recommendations of the Board of Directors.

**What happens if a director nominee does not receive a majority vote?**

In an uncontested election, any Director nominee who receives a greater number of “Withhold” votes than votes “For” the nominee’s election shall immediately tender to the Board his or her offer to resign from the Board. The Board, after taking into consideration the recommendation of the Nominating / Corporate Governance Committee, will determine whether or not to accept the resignation of any nominee for director who receives a greater number of “Withhold” votes than votes “For” the nominee’s election. In the event of a contested election, the director nominees who receive the largest number of votes cast “For” their election will be elected as directors.

**What is a quorum?**

A quorum is the minimum number of shares required to be present at the Annual Meeting for the meeting to be properly held under our Bylaws and Delaware law. The presence, in person or by proxy, of a majority of all issued and outstanding shares of common stock entitled to vote at the Annual Meeting will constitute a quorum at the Annual Meeting.

Abstentions and Broker Non-Votes will be treated as shares present and entitled to vote for purposes of determining the presence of a quorum.

**How are proxies solicited for the Annual Meeting? Who pays for the solicitation?**

The Board is soliciting proxies for use at the Annual Meeting. All expenses associated with this solicitation will be borne by us. Although there is no formal agreement to do so, we may reimburse brokers, banks and other nominees for their reasonable expense in forwarding these proxy materials to their principals. Proxies will be solicited principally through the mail, but our directors, officers and employees may solicit proxies personally, by telephone or via the Internet.

**Is my vote confidential?**

Your vote will not be disclosed either within the Company or to third parties, except as necessary to meet applicable legal requirements, to allow for the tabulation of votes and certification of the vote, or to facilitate a successful proxy

solicitation.

**Important Notice Regarding Availability of Proxy Materials for the Annual Meeting of Stockholders to be Held on May 23, 2017**

Pursuant to the Securities and Exchange Commission (“SEC”) rules related to the availability of proxy materials, the Company has made its Proxy Statement and Annual Report on Form 10-K available on the Company’s corporate website at [www.eastwestbank.com/annual](http://www.eastwestbank.com/annual).

**I share an address with another stockholder, and we received multiple copies of the proxy materials. How can we obtain a single copy of the proxy materials?**

Stockholders who share an address and receive multiple copies of our proxy materials can request to receive a single copy in the future. To receive a single copy of the proxy materials, stockholders may contact us at:

East West Bancorp, Inc.

Attention: Investor Relations

135 N. Los Robles Avenue, 7<sup>th</sup> Floor

Pasadena, California 91101

(626) 768-6000

Stockholders who hold shares in street name may contact their broker, bank, or other nominee to request information about “householding” (providing one copy of this Proxy Statement for all stockholders residing at one address).

**Where can I find the voting results of the Annual Meeting?**

We will disclose voting results on a Current Report on Form 8-K to be filed with the SEC within four business days after the Annual Meeting. If final voting results are not available to us in time to include them in the Form 8-K, we will file a Form 8-K to publish preliminary results and will provide the final results in an amendment to the Form 8-K as soon as final results become available.





## **BOARD OF DIRECTORS AND CORPORATE GOVERNANCE**

### **PROPOSAL 1: ELECTION OF DIRECTORS**

#### **Proposal Snapshot**

##### **What am I voting on?**

Stockholders are being asked to elect nine (9) director nominees for a one-year term. This section includes information about the Board and each Director nominee.

##### **Voting recommendation:**

**FOR the election of each director nominee.** The combination of the various qualifications, skills and experiences of the 2017 director nominees would contribute to an effective and well-functioning Board. The director nominees possess the necessary qualifications to provide effective oversight of the business and quality advice and counsel to the Company's management.

#### **Board of Directors and Nominees**

Our business is managed under the direction of our Board, which is currently composed of nine (9) members. The Board is nominating nine (9) members to serve a one-year term. John M. Lee, a board member since 2006, is retiring and is not standing for re-election in 2017.

We seek directors with strong reputation and experience in areas relevant to the strategy and operations of our businesses, particularly industries and growth segments that we serve, as well as key geographic markets where we operate. Each of the nominees for director holds or has held senior executive positions in financial services and/or large, complex organizations, and has operating experience that meets this objective. In these positions, they have also gained experience in core management skills, such as strategic and financial planning, corporate governance, risk

management, and leadership development, as further described below.

We also believe that each of the nominees has other key attributes that are important to an effective Board, including: integrity and high ethical standards; sound judgment; analytical skills; the ability to engage management and each other in a constructive and collaborative fashion; diversity of origin, background, experience, and thought; and the commitment to devote significant time and energy to service on the Board and its Committees.

The proposed nominees collectively bring a wide range of experience to the Board with a focus on our core business of being a financial bridge between the U.S. and Greater China. In addition, the proposed nominees reflect our heritage and continuing role as one of the most diverse financial institutions in the country and the largest FDIC-insured minority depository institution. Our Board is representative of the rich ethnic diversity and multiculturalism that exists in the United States and in California, where we are headquartered. Of the nine persons being nominated as directors, two-thirds or six of the nominees are ethnic/racial minorities. The minority director nominees include four Asian-Americans, one African-American and one Hispanic-American. Furthermore, we are committed to gender diversity on the board and in management roles, and two of the nominees are women. We believe the nominees represent one of the most diverse boards of publicly traded financial institutions in the United States.

The following table presents certain information with respect to the Board's nominees for director. All directors of the Company are also directors of East West Bank (the "Bank"), the Company's principal subsidiary. All of the nominees have indicated their willingness to serve. Executive officers serve at the pleasure of the Board, subject to restrictions set forth in their employment agreements. For further details, see the "Employment Agreements and Potential Payments upon Termination or Change in Control" section of this Proxy Statement.

Director Nominees	Age	Year First Appointed	Committee Memberships	Current Term Expires
Molly Campbell *	56	2014	A (FE)	2017
Iris S. Chan *	71	2010	B, R (RE)	2017
Rudolph I. Estrada (LD)*	69	2005	A, B (Chair), C, E, N, R (Chair)	2017
Paul H. Irving *	64	2010	B, N	2017
Herman Y. Li *	64	1998	B, N (Chair)	2017
Jack Liu *	58	1998	C (Chair), R	2017
Dominic Ng	58	1991	E (Chair)	2017
Keith W. Renken *	82	2000	A (FE), C	2017
Lester M. Sussman *	62	2015	A (FE and Chair), R (RE)	2017

**A** = Audit Committee; **B** = BSA/AML & OFAC Compliance Steering Committee; **C** = Compensation Committee; **E** = Executive Committee;

**N** = Nominating/Corporate Governance Committee; **R** = Risk Oversight Committee

\* = Independent Director; **LD** = Lead Director; **FE** = Audit Committee Financial Expert; **RE** = Risk Oversight Committee Risk Expert

None of the Director nominees were selected pursuant to any arrangement or understanding, other than with the directors and executive officers of the Company acting within their capacity as such. There are no family relationships among directors or executive officers of the Company. As of the date of this Proxy Statement, there were no directorships held by any director with a company which has a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (“Exchange Act”) or subject to the requirements of Section 15(d) of the Exchange Act, or any company registered as an investment company under the Investment Company Act of 1940, other than Mr. Ng, who is a director of Mattel, Inc. and Mr. Renken who is a director of Willdan Group, Inc. and a former director of Limoneira Company.

We have no reason to believe that any of the Director nominees will be unable or unwilling to serve if elected. However, if any nominee should become unable for any reason or unwilling for good cause to serve, proxies may be voted for another person nominated as a substitute by the Board, or the Board may reduce the number of directors.

#### Director Nominee Qualifications and Experience

Our Director nominees bring a balance of relevant skills to our Boardroom including:

- High Level of Financial Experience
- Relevant Senior Leadership/Chief Executive Officer Experience
- Broad International Exposure/Emerging Market Experience
- Diversity
- Extensive Knowledge of the Company's business and/or industry
- Marketing Experience
- Innovation/Technology Experience
- Governmental or Geopolitical Expertise
- Risk Oversight/Management Expertise

Each of the Director nominees currently serves on the Board and was elected by the stockholders at the 2016 annual meeting of Stockholders. If elected, each nominee will hold office until the 2018 annual meeting of Stockholders and until his or her successor is elected and qualified.

The principal occupation during the past five years of each Director nominee is set forth below. Included in each Director nominee's biography below is an assessment of the specific qualifications, attributes, skills and experience of the nominee based on the qualifications described above. All Director nominees have held their present positions for at least five years, unless otherwise stated.

**Director Qualifications and Experience**  
**Independent**

Director of Port  
Department, Port  
Authority of New York  
and New Jersey

Director Since 2014

Board Committees:

- Audit

**Molly Campbell** is currently employed with the Port Authority of New York and New Jersey as the Director of Port Department and is responsible for the operations and oversight of the largest seaport on the East Coast and the third largest seaport in the country. Prior to that, beginning in 2015, she was employed with the City of Los Angeles as the Director of Financial Management Systems at the Los Angeles World Airports, with responsibilities for financial and fiscal management. From 2007 through 2015, she was Deputy Executive Director of the Port of Los Angeles, which she joined in 2000. She also previously served as Director of Public Finance for the City of Los Angeles. Ms. Campbell is active in national and international logistics associations. The Company believes Ms. Campbell's expertise and knowledge of global logistics, international trade and financial management well qualifies her to serve on our Board.

**Independent**

CEO of Ameriway

Director Since 2010

Board Committees:

- BSA/AML & OFAC  
Compliance
- Risk Oversight

**Iris S. Chan** is currently the CEO of Ameriway, which she founded in 1989. Ameriway focuses on early-stage investments and cross-border trades between North America and Asia. She was the former Executive Vice President and Group Head of Wells Fargo's National Commercial Banking Group; and a member of the Wells Fargo Management Committee. Earlier in her career, Ms. Chan held various management and international banking positions with Bank of America and Citicorp.

Ms. Chan is involved in many community and professional organizations. Currently, she is on the board of governors of the San Francisco Symphony. Ms. Chan has received various awards and recognition for her work. In 2007 and 2008, she was named one of the "25 Most Powerful Women in Banking" by American Banker magazine. The Company believes that Ms. Chan's high-level executive and oversight experience in the financial services industry including in the financial oversight and internal controls area well qualifies her to serve on our Board. She also brings to the Board a deep understanding of commercial lending and credit risk oversight in a banking environment, in addition to her perspectives on U.S.-Asia cross-border trade and investment.

**Independent**

CEO of Estradagy  
Business Advisors

Director Since 2005

Board Committees:

- Audit
- BSA/AML & OFAC Compliance (Chair)
- Compensation
- Executive
- Nominating/Corporate Governance
- Risk Oversight (Chair)

**Rudolph I. Estrada** is the Lead Director of the Board of East West Bancorp, Inc. and East West Bank. Mr. Estrada is the Chief Executive Officer of Estradagy Business Advisors, a business and banking advisory group that serves small and medium-sized businesses. He has also served as a university professor of business in the California State University system for over 35 years. He formerly served as the Los Angeles District Director for the U.S. Small Business Administration (“SBA”), the largest SBA district in the United States, and was the former Presidential appointee serving as Commissioner on the White House Commission on Small Business. He currently serves on the boards of several corporate and nonprofit organizations and is a Leadership Fellow with the National Association of Corporate Directors.

The Company believes that Mr. Estrada’s extensive management and executive experience in both the public and private sectors well qualifies him to serve on the Board. He brings to the Board a valuable small business lending and public service perspective, a focus on the prudent management and operations of businesses in a heavily regulated environment, and a comprehensive knowledge of corporate governance.

**Independent**

Chairman, Milken  
Institute Center for the  
Future of Aging

Director Since 2010

- Board Committees:
- BSA/AML & OFAC Compliance
  - Nominating/Corporate Governance

**Paul H. Irving** is chairman of the Milken Institute Center for the Future of Aging (the “Institute”). Mr. Irving previously served as the Institute’s president, as an advanced leadership fellow at Harvard University, and as chairman, CEO and head of the financial services group of Manatt, Phelps & Phillips, LLP, a law and consulting firm. Mr. Irving also serves as a vice chair of Encore.org and is on the advisory boards of USC Davis School of Gerontology, the Stanford University Distinguished Careers Institute, WorkingNation, Berkeley-AGE, and the Bipartisan Policy Center Health and Housing Advisory Council.

The Company believes that Mr. Irving’s extensive legal, management, and policy experience well qualifies him to serve on the Board. He brings to the Board valuable perspective and insight on corporate governance, regulatory, policy and legal matters with his long experience as an advisor to the financial services industry and leadership roles in professional services and in the non-profit sector, where he currently focuses on system-level economic, social and health challenges.



## Independent

**Herman Y. Li** is Chairman of the C&L Restaurant Group, Inc., a franchisee of Burger King, Denny's and Corner Bakery restaurants in multiple states. He was a past member of the Burger King Corporation Inclusion Advisory Council, a Past President for the Southern California Burger King Franchisee Association, and a retired board member of Restaurant Services, Inc., a Burger King system independent purchasing and distribution service co-op.

Chairman of the C&L Restaurant Group, Inc.

Director Since 1998

Board Committees:

- BSA/AML & OFAC Compliance

- Nominating/Corporate Governance (Chair)

## Independent

**Jack C. Liu** is a senior attorney with Alliance International Law Offices. Prior to that, Mr. Liu was Senior Advisor for Morgan Stanley International Real Estate Fund ("MSREF") and was President of MSREF's affiliate New Recovery Asset Management Corp. Mr. Liu advises on business and legal aspects of international corporate, real estate, and banking matters. He currently serves on the board of TransGlobe Life Insurance, Inc., a privately held corporation based in Taiwan, and as an independent director of Taiwan FamilyMart Co. Ltd., which is a publicly listed company in Taiwan.

Senior Attorney, Alliance International Law Offices

Director Since 1998

Board Committees:

- Compensation (Chair)

- Risk Oversight

**Chairman of the Board and CEO of East West Bancorp, Inc. and East West Bank**

**Dominic Ng** is Chairman of the Board and CEO of East West Bancorp, Inc. and East West Bank. Mr. Ng transformed East West from a small savings and loan association with \$600 million in assets and a market capitalization of \$40 million in 1991, into the full-service international and commercial bank it is today - with \$34.8 billion in assets and a market capitalization of \$7.3 billion as of December 31, 2016. East West Bank has been ranked in the top 15 of "America's 100 Best Banks" by Forbes since 2010. Prior to taking the helm of East West Bank, he was President of Seyen Investment, and also spent ten years as a CPA



Director Since 1991

with Deloitte & Touche, LLP in Houston and Los Angeles.

Board Committees:

· Executive (Chair)

Mr. Ng currently serves on the board of Mattel, Inc. He is also a member of the University of Southern California Board of Trustees. As former Chairman of the Committee of 100, Mr. Ng promoted mutual understanding between the U.S. and China, advocating a collaborative partnership between the two countries. He also served on the board of directors of the Federal Reserve Bank of San Francisco, Los Angeles Branch.

Mr. Ng is also known for his business and community leadership. The Sino-US Times named Mr. Ng as one of the top 20 U.S. and China Economic Trade leaders. Mr. Ng was also named by Forbes as one of the 25 most notable Chinese Americans and by the Los Angeles Times as one of the 100 most influential people in Los Angeles. He was named by the Los Angeles Business Journal as the Business Person of the Year and received the Chinese CEO of the Year Award from the Chinese CEO Organization. In 2016, Mr. Ng received The United Way Alexis de Tocqueville Global Award presented by United Way Worldwide that recognizes his exceptional and sustained engagement and philanthropic leadership. The Company believes that Mr. Ng's extensive management experience and financial expertise well qualifies him to serve on the Board. He brings to the Board a comprehensive knowledge of East West's business and operations, the financial services industry in the United States and in Greater China, and U.S.-China cross-border trade and investments.

**Independent**

**Keith W. Renken** is a former Senior Managing Partner of Deloitte & Touche, LLP, Southwest Region, from which he retired in 1992. Subsequent to his retirement, he was a professor in the University of Southern California Leventhal School of Accounting graduate program for over a decade. He is currently the Managing Partner of Renken Enterprises, which provides management consulting to real estate operations and emerging growth companies.

Managing Partner of Renken Enterprises

Director Since 2000

Board Committees:

- Audit
- Compensation

Mr. Renken currently serves on the board of Willdan Group, Inc. He previously served on the boards of Limoneira Company, Coast Federal Bank, Pacific Gulf Properties, U.S. Rentals, Nissan Motors (advisory board), and AON Risk Services (advisory board). He is, or has served, on the boards of various nonprofit entities, including the California Science Center Foundation, the Children’s Bureau of Los Angeles, AS&F Foundation and Unihealth Foundation. The Company believes that Mr. Renken’s extensive management experience and financial expertise well qualifies him to serve on the Board. He brings to the Board his perspective and extensive experience with respect to the management, financial oversight and auditing of public companies.

**Independent**

**Lester M. Sussman** has been the Senior Practice Director of Resources Global Professionals (“RGP”) since 2005, providing corporate governance, risk management and compliance services to clients globally. He also leads RGP’s financial services industry group for the western region of the United States. Mr. Sussman is a retired audit partner of Deloitte, where he held leadership positions, including Partner in Charge of the Financial Services Group for the Pacific Southwest, and Partner in Charge of Capital Markets for the West Region. Mr. Sussman is a certified public accountant.

Senior Practice Director of Resources Global Professionals

Director Since 2015

Board Committees:

- Audit (Chair)
- Risk Oversight

Mr. Sussman is a current member of the Executive Committee of the Braille Institute and sits on the Board of Governors of the Florida State University School of Business as well as the Board of Directors of the Southern California chapter of the National Association of Corporate Directors. Mr. Sussman brings over 30 years of financial services experience to East West. The Company believes that his deep expertise in accounting and auditing, as well as corporate governance, will be a complement to our Board as the Company executes on its business model.

## **Governance Documents**

We have adopted formal Corporate Governance Guidelines reflecting our commitment to sound corporate governance. These principles are essential to running the Company's business efficiently and to maintaining our integrity in the marketplace. In addition, we have also adopted a Code of Conduct. The Corporate Governance Guidelines, our Code of Conduct, and information about other governance matters of interest to investors, are available through our website at [www.eastwestbank.com](http://www.eastwestbank.com) by clicking on *Investor Relations — Corporate Information — Governance Documents*.

## **Director Independence, Financial Experts and Risk Management Experience**

Our common stock is listed on the NASDAQ Global Select Market ("NASDAQ"). Under NASDAQ rules, independent directors must comprise a majority of a listed company's board of directors. In addition, the rules of NASDAQ require that, subject to specified exceptions, each member of a listed company's audit, compensation, and nominating and corporate governance committees must be independent. Under these rules, a director is independent only if the board of directors of a company makes an affirmative determination that the director has no material relationship with the company that would impair his or her independence.

Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Exchange Act. In order to be considered independent for purposes of Rule 10A-3, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, the board of directors, or any other board committee: (1) accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the listed company or any of its subsidiaries; or (2) be an affiliated person of the listed company or any of its subsidiaries.

Compensation committee members must also satisfy the independence criteria set forth under the rules of NASDAQ. In order for a member of a listed company's compensation committee to be considered independent for purposes of the rules of NASDAQ, the listed company's board of directors must consider all factors specifically relevant to determine whether a director has a relationship to the company which is material to that director's ability to be independent from management in connection with the duties of a compensation committee member, including but not limited to: (1) the source of compensation of the director, including any consulting, advisory or other compensatory fee paid by the company to the director; and (2) whether the director is affiliated with the company, a subsidiary of the company or an affiliate of a subsidiary of the company.

Our Board has undertaken a review of the independence of each director in accordance with the Exchange Act and NASDAQ rules. Based on this review, our Board has determined that Meses. Campbell and Chan and Messrs. Estrada, Irving, Li, Liu, Renken and Sussman, representing eight of our nine directors, are independent as that term is defined under the rules of NASDAQ. Accordingly, all members of the Company's Audit, BSA/AML/OFAC Compliance, Compensation, Risk Oversight and Nominating / Corporate Governance Committees, satisfy the independence requirements of NASDAQ. In making this determination, our Board considered the relationships that each non-employee director has with us and all other facts and circumstances that the Board deemed relevant in determining their independence, including the beneficial ownership of our capital stock of each non-employee director, as well as relationships that our directors may have with customers and vendors.

The Board also reviewed whether any members of the Audit Committee meet the criteria to be considered a financial expert as defined by the SEC. Based on its review, the Board determined that Ms. Campbell and Messrs. Renken and Sussman of the Audit Committee qualify as financial experts by reason of their prior and current job experience.

Lastly, the Board has reviewed and determined that all members of the Risk Oversight Committee meet the independence requirement of the Federal Reserve's Enhanced Prudential Standards ("EPS") and the Office of the Comptroller of the Currency's risk oversight standards, and have a general understanding of risk management principles and practices relevant to the Company's business. In addition, two members of the Risk Oversight Committee, Ms. Chan and Mr. Sussman, have particular experience identifying, assessing, and managing risk exposures of large, complex financial firms. Specifically, Ms. Chan has held high-level executive and management positions with Wells Fargo, Bank of America and Citicorp for over 20 years. She is experienced with financial oversight and internal controls for large financial institutions, and has a deep understanding of commercial lending and credit risk oversight in a banking environment, in addition to insight into U.S.-Asia cross-border trade and investment. Mr. Sussman was an audit partner with Deloitte, where he held leadership positions including Partner in Charge of the Financial Services Group for the Pacific Southwest and Partner in Charge of Capital Markets for the West Region. Moreover, his work at RGP involves providing corporate governance, risk management and compliance services to clients globally. Accordingly, Ms. Chan's and Mr. Sussman's experience in risk management are commensurate with the Company's structure, risk profile, complexity, activities and size and we believe qualify as risk experts under the EPS.

## **Board Leadership Structure**

The Board leadership is structured with a Chairman/CEO position and also a Lead Director position. The Board has determined that having the Company's CEO also serve as Chairman is in the best interest of the Company. The designation of the CEO with the additional title as Chairman is important when dealing with overseas customers and dignitaries in the Greater China area, where these positions are typically combined. The Company has extensive experience and dealings with persons from this region who may have the perception that they are not dealing with the senior decision maker of the Company unless they are dealing with the Chairman. This structure also makes the best use of the CEO's extensive knowledge of the Company and its industry, while fostering greater communication between management and the Board.

The Company's governance structure provides for a strong Lead Director role. The powers and duties of a Chairman and a Lead Director differ only in that the Chairman presides over the normal business portion of the meetings of the Board. Since the Lead Director may call for an executive session of independent directors at any time, and has joint control over the agenda and the information provided to directors for Board meetings, the Board believes that it is able to have an open exchange of views, or address any issues independent of the Chairman. In addition, much of the work of the Board is conducted through its committees, and the Chairman is not a member of any committee, other than the Executive Committee.

Among other things, the Lead Director is required to:

- lead executive sessions of the Board's independent or non-management directors, and preside at any session of the Board where the Chairman is not present;
- act as a regular communication channel between the independent directors and the CEO;
- set the Board's agenda jointly with the CEO;
- approve Board meeting schedules to ensure sufficient time to discuss all agenda items;
- oversee the scope, quantity and timing of the flow of information from management to the Board;
- represent the independent directors in discussions with major stockholders regarding their concerns and expectations;
- call special Board meetings or special meetings of the independent directors, as needed;
- approve the retention of consultants who report directly to the Board;
- advise the independent Board committee chairs in fulfilling their designated roles and responsibilities to the Board;
- and
- review stockholder communications addressed to the full Board or to the Lead Director.

More information about the Lead Director position can be found through the Company's website at [www.eastwestbank.com](http://www.eastwestbank.com) by clicking on *Investor Relations — Corporate Information — Governance Documents — Corporate Governance Guidelines*.

The Company does not have a policy requiring mandatory separation of the roles of CEO and the Chairman of the Board. The Board believes it is in the best interest of the Company to instead make a determination regarding the separate roles of CEO and Board Chairman on a regular basis based on the position and direction of the Company and the membership composition of the Board at the time. The determination not to separate the roles of Chairman and CEO at this time also recognizes the strong independence of the Board with 8 of the 9 directors being independent.

### **Board Meetings and Committees**

The business of the Board is conducted through its meetings, as well as through meetings of its committees. During the fiscal year ended December 31, 2016, the Board held six meetings. All Directors attended all Board meetings. In addition, the Directors attended 97% of the meetings for the committees on which they served as members. The policy of the Company is to encourage all director nominees to attend the annual meeting of stockholders. All Directors were in attendance at the 2016 annual meeting of stockholders.

Our Board has six standing committees: an Audit Committee, a Bank Secrecy Act ("BSA")/Anti-Money Laundering ("AML") and Office of Foreign Assets Control ("OFAC") Compliance Risk Management Steering Committee ("BSA/AML & OFAC Compliance Committee"), a Compensation Committee, an Executive Committee, a Nominating/Corporate

Governance Committee, and a Risk Oversight Committee, each of which has the composition and responsibilities described below. Members serve on these committees until their resignation or until otherwise determined by our Board. The standing committees report on their deliberations and actions at each full Board meeting. Each of the committees has the authority to engage outside experts, advisors and counsel to the extent it considers appropriate to assist the committee in its work.

Each of the standing committee operates under a written charter. These charters can be found on the Company's website at [www.eastwestbank.com](http://www.eastwestbank.com) by clicking on *Investor Relations — Corporate Information — Corporate Documents*. Set forth below is a description of the committees of the Board.

### **Audit Committee**

The current members of our Audit Committee are Ms. Campbell and Messrs. Estrada, Renken and Sussman. Our Board has determined that each of the members of our Audit Committee satisfies the requirements for independence and financial literacy under the rules and regulations of NASDAQ and the SEC. Our Board has also determined that three of the members are financial experts as contemplated by the rules of the SEC implementing Section 407 of the Sarbanes Oxley Act of 2002. Mr. Sussman serves as chair. The Audit Committee held four meetings during the fiscal year ended December 31, 2016. In addition, the Audit Committee held one joint session with the Risk Oversight Committee in 2016.

Our Audit Committee oversees our accounting and financial reporting process and the audit of our financial statements, and assists our Board in monitoring our financial systems and our legal and regulatory compliance. Our Audit Committee is responsible for, among other things:

- appointing, compensating and overseeing the work of our independent registered public accounting firm; approving engagements of the independent registered public accounting firm to render any audit or permissible non-audit services;
- reviewing the qualifications and independence of the independent registered public accounting firm; reviewing the scope and results of the internal audits; reviewing the Company's financial statements and related disclosures;
- reviewing and discussing with management and the independent registered public accounting firm the results of our annual audit;
- resolving any disagreements between management and the independent registered public accounting firm regarding financial reporting;
- reviewing our critical accounting policies and practices;
- reviewing the adequacy and effectiveness of our internal control over financial reporting;
- establishing procedures for the receipt, retention and treatment of accounting and auditing related complaints and concerns; and
- preparing the audit committee report required by SEC rules to be included in our annual proxy statement.

The Bank also has an Audit Committee, which consists of the same directors as the Company's Audit Committee. The Bank's Audit Committee generally meets jointly with the Company's Audit Committee.

### **BSA/AML & OFAC Compliance Committee**

In December 2015, the Board created the Bank Secrecy Act ("BSA")/Anti-Money Laundering ("AML") and Office of Foreign Assets Control ("OFAC") Compliance Risk Management Steering Committee (hereinafter "BSA/AML & OFAC Compliance Committee") to provide governance for the enterprise-wide BSA/AML & OFAC program framework and focused oversight of the Company's program enhancements. Active oversight of BSA/AML and OFAC compliance risk was deemed necessary by the Board and senior management as effective compliance risk management is integral to the safety and soundness of the Bank. The current members of the BSA/AML/OFAC Compliance Committee are Ms. Chan and Messrs. Li, Irving and Estrada. Mr. Estrada serves as chair. The Board has determined that each of the members of the BSA/AML & OFAC Compliance Committee is independent under the rules and regulations of NASDAQ. The BSA/AML & OFAC Compliance Committee meets monthly and held twelve meetings during the fiscal year ended December 31, 2016.

The BSA/AML & OFAC Compliance Committee is responsible for, among other things:



reviewing and monitoring compliance with the State of California Department of Business Oversight Memorandum of Understanding and the Federal Reserve Bank of San Francisco Written Agreement entered into by the Bank;

- reviewing and revising BSA/AML/OFAC policies and procedures;
- monitoring BSA/AML/OFAC compliance risks across the Bank; and

reviewing assessments of the Program enhancements from Internal Audit, regulators and independent third parties including consultants.

### **Compensation Committee**

The current members of our Compensation Committee are Messrs. Estrada, Renken and Liu. Our Board has determined that each of the members of our Compensation Committee is independent within the meaning of the independent director requirements of NASDAQ. Our Board has also determined that the composition of our Compensation Committee meets the requirements for independence under, and the functioning of our Compensation Committee complies with, any applicable requirements of NASDAQ and SEC rules and regulations, as well as Section 162(m) of the Internal Revenue Code of 1986 (the “Code”), as amended. Mr. Liu serves as chair of our Compensation Committee. The Compensation Committee held six meetings during the fiscal year ended December 31, 2016.

The Compensation Committee establishes and administers the executive compensation policies and plans of the Company. Our Compensation Committee is responsible for, among other things:

- annually reviewing and approving the primary components of compensation for our CEO and other executive officers;
- establishing, with the input from the full Board, performance goals for the CEO, and evaluating his performance in light of those goals;
- evaluating the performance of our CEO and other executive officers in light of established goals and objectives;
- periodically evaluating the competitiveness of the compensation of our CEO and other executive officers and our overall compensation plans;
- reviewing and discussing with management the risks arising from our compensation policies and practices for all employees that are reasonably likely to have a material adverse effect on us;
- evaluating and making recommendations regarding director compensation;
- administering our equity compensation plans for our employees and directors; and
- producing the report by the compensation committee required by SEC rules to be included in our annual proxy statement.

The Compensation Committee may form and delegate authority to subcommittees, or, to the extent permitted under applicable laws, regulations and NASDAQ rules, to any other director, in each case to the extent the Compensation Committee deems necessary or appropriate.

The Bank also has a Compensation Committee, which consists of the same directors as the Company's Compensation Committee. The Bank's Compensation Committee generally meets jointly with the Company's Compensation Committee. For a more comprehensive discussion on the responsibilities of the Compensation Committee, see "*Compensation Discussion and Analysis – Our Compensation Philosophy*" in this Proxy Statement.

The Compensation Committee has the authority to retain the services and obtain the advice of external advisors, including compensation consultants, legal counsel or other advisors to assist in the evaluation of executive officer compensation. In evaluating firms to potentially provide services to the Compensation Committee, the Committee considers whether the firm provides any other services to the Company. The Compensation Committee makes the decision to hire a consultant and provides direction as to its scope of work in its sole discretion. The Compensation Committee has appointed Willis Towers Watson as its independent compensation consultant. The Compensation Committee uses its compensation consultant to:

- Assist and advise the Compensation Committee during its meetings;
- Provide information based on third-party data and analysis of compensation programs at comparable financial institutions for the design and implementation of our executive and non-employee compensation programs;
- Compile and analyze compensation data for financial services companies;

Assist the Compensation Committee in forming a peer group; and  
Provide independent information as to the reasonableness and appropriateness of the compensation levels and compensation programs of the Company relative to comparable financial services companies.

The Compensation Committee has evaluated the individual relationships of Willis Towers Watson with both the Company and the Compensation Committee, including the provision of other services to the Company (there are none), fees paid by the Company as a percentage of the consultant's total annual revenue (less than 1%), policies and procedures of the consultant to mitigate conflicts of interest, business or personal relationships of the consultant with any member of the Compensation Committee, any Company stock held by the consultant, and any business or personal relationships of the consultant with any executive officer of the Company. Based on these evaluations, the Compensation Committee concluded that Willis Towers Watson meets the criteria of an independent advisor.

### **Executive Committee**

The Executive Committee currently consists of Messrs. Estrada and Ng. Mr. Ng serves as chair. The Executive Committee is appointed by the Board to provide an efficient means of considering such matters and taking such actions, if any, as may require the attention of the Board in the interim between Board meetings. The Executive Committee is authorized to exercise certain powers of the Board during intervals between Board meetings. The Bank also has an Executive Committee, which consists of the same directors as the Company's Executive Committee. The Executive Committee met once in 2016.

### **Nominating/Corporate Governance Committee**

The current members of our Nominating/Corporate Governance Committee are Messrs. Estrada, Irving, Lee and Li. Our Board has determined that each of the members of our Nominating/Corporate Governance Committee is independent within the meaning of the independent director requirements of NASDAQ. Mr. Li serves as chair. The Nominating and Corporate Governance Committee held two meetings during the fiscal year ended December 31, 2016.

The Nominating/Corporate Governance Committee nominates persons for election as directors and reviews corporate governance matters. Among other things, the Nominating/Corporate Governance Committee members are responsible for:

- recommending to the Board a slate of nominees for election to the Board in accordance with the Company's corporate governance principles;
- recommending to the Board individuals to fill any vacancies on the Board occurring between annual meetings of stockholders;
- recommending to the Board the directors who will serve on each committee of the Board;
- developing and recommending to the Board a set of corporate governance principles;
- periodically reassessing the Company's corporate governance principles; and
- conducting an annual assessment of the Board's structure and performance to determine whether it, its committees and its members are functioning effectively.

The Bank also has a Nominating/Corporate Governance Committee, which consists of the same directors as the Company's Nominating/Corporate Governance Committee. The Bank's Nominating/Corporate Governance Committee generally meets jointly with the Company's Nominating/Corporate Governance Committee.

### **Risk Oversight Committee**

The current members of the Risk Oversight Committee are Ms. Chan and Messrs. Estrada, Liu and Sussman. Mr. Estrada serves as chair. The Risk Oversight Committee held five meetings during the fiscal year ended December 31, 2016. In addition, the Risk Oversight Committee held one joint session with the Audit Committee in 2016. Our Board has determined that each of the members of the Risk Oversight Committee is independent as defined by the Sarbanes-Oxley Act of 2002 and regulations promulgated thereunder and NASDAQ rules. In addition, all the members of the Risk Oversight Committee meet the independence requirement of the Enhanced Prudential Standards ("EPS") and the Office of the Comptroller of the Currency's risk oversight standards as they are not and have not been officers or employees of the Company within the previous three years and are not related to any officers or employees

of the Company.

The Risk Oversight Committee has been appointed by the Board to provide focused oversight of the Company's identified enterprise risk categories, which include: credit, interest rate, liquidity, operational, information technology, human capital, compliance, legal, strategic, reputation, and international. The Board believes an effective enterprise risk management system is necessary to ensure the successful, safe and sound management of the Bank. Among other things, our Risk Oversight Committee is required to:

- monitor the Company's risk exposure in the identified enterprise risk categories;
- timely identify the material risks that the Company faces;
- communicate necessary information on material risks to senior management and, as appropriate, to the Board or relevant Board committee;
- implement responsive risk management strategies appropriate to the Company's risk profile; and
- integrate risk management into the Company's decision-making.

In addition, the Company's Chief Risk Officer works directly with the Risk Oversight Committee and the CEO. The Bank also has a Risk Oversight Committee, which consists of the same directors as the Company's Risk Oversight Committee. The Bank's Risk Oversight Committee generally meets jointly with the Company's Risk Oversight Committee.

## Stockholder Nominees

The policy of the Nominating / Corporate Governance Committee is to consider properly submitted stockholder nominations for Board candidacy as described above in “*Identifying and Evaluating Nominees for Directors.*” In evaluating these nominations, the Nominating / Corporate Governance Committee seeks to achieve a balance of knowledge, experience and capability on the Board and to meet the membership criteria set forth under “*Director Qualifications*” discussed below. Any stockholder nominations proposed for consideration by the Nominating / Corporate Governance Committee should include the nominee’s name and qualifications for Board membership and should be addressed to:

Corporate Secretary

East West Bancorp, Inc.

135 N. Los Robles Avenue, 7th Floor

Pasadena, California 91101

In addition, nominations for director may be made by any stockholder entitled to vote for the election of directors if proper notice is given in accordance with the Bylaws. Notice of a stockholder’s intention to make any nominations must be made in writing and must be delivered to the Secretary of the Company at the principal executive offices of the Company not less than thirty (30) calendar days or more than sixty (60) calendar days prior to the meeting at which directors are to be elected. However, in the event that less than forty (40) calendar days’ notice of the meeting is given to stockholders, notice by the stockholder, to be timely, must be delivered not later than the close of business on the tenth (10<sup>th</sup>) day following the mailing date of the meeting notice to stockholders. The notification shall contain the following information:

- all information about each proposed nominee that would be required in a proxy solicitation under the federal proxy rules;
- a description of all arrangements or understandings between the stockholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nominations are to be made by the stockholder; and
- a representation that the stockholder intends to appear in person or by proxy at the meeting to nominate the person named in the notice.

We may disregard nominations not made in accordance with the requirements in the Bylaws.

## **Identifying and Evaluating Nominees for Directors**

Our Corporate Governance Guidelines contain Board membership criteria that apply to the Nominating/Corporate Governance Committee's nominees for a position on the Board. Under these criteria, members of the Board should have the highest professional and personal ethics and values. They should have broad experience at the policy-making level in business, government, education, finance, accounting, law or public interest, as well as a high level of financial experience, extensive knowledge of the Company's business and/or industry, risk oversight/management expertise and broad international exposure/Greater China experience. The Nominating/Corporate Governance Committee strives to nominate director candidates with a variety of complementary skills so that, as a group, the Board will possess the appropriate talent, skills, and expertise to oversee the Company's businesses. In addition, the Nominating/Corporate Governance Committee seeks to nominate directors with a diversity of origin, background, experience, and thought. All directors should be committed to enhancing stockholder value and should have sufficient time to carry out their duties and to provide insight and practical wisdom based on experience. Their service on other boards of public companies should be limited to a number that permits them, given their individual circumstances, to perform responsibly all director duties.

The Nominating / Corporate Governance Committee utilizes a variety of methods for identifying and evaluating nominees for director and regularly assesses the appropriate size of the Board, and whether any vacancies on the Board are expected due to retirement or otherwise. In the event that vacancies are anticipated, or otherwise arise, the Committee considers various potential candidates for director. Candidates may come to the attention of the Committee through current Board members, professional search firms, stockholders or other persons. These candidates are evaluated at regular or special meetings of the Committee, and may be considered at any point during the year. As described above, the Committee considers properly submitted stockholder nominations for candidates for the Board. Following verification of the stockholder status of persons proposing candidates, recommendations are aggregated and considered by the Committee. If any materials are provided by a stockholder in connection with the nomination of a director candidate, those materials are forwarded to the Committee. In evaluating the nominations, the Nominating / Corporate Governance Committee seeks to achieve a balance of knowledge, experience and capability on the Board.

## **Communications with the Board**

Our Board welcomes suggestions and comments from stockholders. All stockholders are encouraged to attend the Annual Meeting of stockholders where senior management and representatives from our independent auditors, as well as members of the Board, will be available to answer questions. Stockholders may also send written communications to the Board by writing to the Secretary of the Board at East West Bancorp, Inc., 135 N. Los Robles Avenue, 7th Floor, Pasadena, California 91101. All communications (other than commercial communications soliciting the sale of goods or services to, or employment with, the Company or directors of the Company) will be directed to the appropriate committee, the Chairman of the Board, the Lead Director, or to any individual director specified in the communication, as applicable.

## **Executive Sessions**

The independent directors generally meet in executive sessions without management or any of the other non-independent directors present at every regularly scheduled meeting of the Board. The sessions are chaired by the Lead Director. Any director can request for an additional executive session to be scheduled.

## **Stock Ownership Guidelines**

All directors and executive officers are required to own the Company's Common Stock to further align director's and management's financial interests with those of stockholders. The Company's stock ownership guidelines for directors and officers are posted on the Company's website, which can be found at [www.eastwestbank.com](http://www.eastwestbank.com) by clicking on *Investor Relations — Corporate Information — Governance Documents*.

Executive officers have additional holding requirements for stock acquired as part of their compensation. The majority of the shares acquired (net of taxes) have to be held until retirement. Under these guidelines, if the holding requirement is greater than the guidelines set forth above for the directors and executive officers, the higher holding requirements apply and an executive may have holding requirements longer than the above guidelines.

Executive officers may not pledge or engage in hedging strategies or sell short or trade derivatives involving the Company's securities.



## Certain Relationships and Related Transactions

Our Code of Conduct and Corporate Governance Guidelines provide guidance for addressing actual or potential conflicts of interests, including those that may arise from transactions and relationships between the Company and its executive officers or directors. In order to provide further clarity and guidance on these matters, the Company has adopted a written policy regarding the review, approval or ratification of related party transactions.

The policy generally provides that the Audit Committee will review and approve in advance, or will ratify, all related party transactions between the Company and our directors, director nominees, executive officers, and persons known by the Company to own more than 5% of our Common Stock, and any of their immediate family members. Related party transactions include transactions or relationships involving the Company and amounts in excess of \$120,000 and in which the above related parties have a direct or indirect material interest. Under the policy, the failure to approve a related party transaction in advance would not invalidate the transaction or violate the policy as long as it is submitted to the Audit Committee for review and ratification as promptly as practicable after entering into the transaction.

The Audit Committee works with our General Counsel in reviewing and considering whether any identified transactions or relationships are covered by the policy. In determining whether to approve or ratify a transaction or relationship that is covered by the policy, the Audit Committee considers, among other things:

- the identity of the parties involved in the transaction or relationship;
- the facts and circumstances of the transaction or relationship, including the identity of the party involved;
  - the material facts of the transaction or relationship;
  - the benefits to the Company of the transaction or relationship; and
- the terms of the transaction, including whether those terms are fair to East West and are in the ordinary course of business and on substantially the same terms with transactions or relationships with unrelated third parties.

During 2016, we did not enter into any related party transactions that required review, approval or ratification under our related party transaction policy. From time to time, we may lend money through our subsidiary, the Bank, to various directors and corporations or other entities in which a director may own a controlling interest. These loans (i) are made in the ordinary course of business, (ii) are made on substantially the same terms, including interest rate and collateral, as those prevailing at the time for comparable transactions with other persons, and (iii) do not involve more than a normal risk of collectability and do not present other unfavorable features. We do not have any loans to NEOs. None of our directors or executive officers, any associate or affiliate of those persons, or persons who beneficially owned more than 5% of our outstanding shares had any transactions or proposed transactions with us greater than \$120,000 during the past year.

### **Director Compensation**

The Compensation Committee is responsible for reviewing and making recommendations to the Board of Directors with respect to the compensation of directors. Employees of the Company and its subsidiaries are not compensated for service as a director of the Company or its subsidiaries and are excluded from the table below. The compensation received by Mr. Ng as an employee of the Company is shown in the “Summary Compensation Table.”

In 2016, non-employee directors received an annual cash retainer of \$45,000 and an annual stock award of \$100,000 of Common Stock. The Lead Director received an additional annual cash retainer of \$60,000. The Lead Director also acts as the Board representative to the Company’s strategic advisory council of outside community leaders and receives a cash retainer of \$70,000 for such additional Board service. The chair of each committee received an additional annual cash retainer as follows: Audit \$20,000; Compensation \$20,000; Risk Oversight \$15,000; Nominating/Corporate Governance \$12,500. Non-employee directors also received a meeting fee of \$1,500 for each committee meeting attended.

The following table summarizes the compensation paid by the Company to non-employee directors for the fiscal year ended December 31, 2016:

**2016 Non-Employee Director Compensation Table**

Name <sup>(1)</sup>	Fees		Total
	Earned or Paid in Cash	Stock Awards <sup>(1)</sup>	
Molly Campbell	\$52,500	\$ 100,000	\$ 152,500
Iris S. Chan	70,500	100,000	170,500
Rudolph I. Estrada	236,500	100,000	336,500
Paul H. Irving	66,000	100,000	166,000
John M. Lee	57,000	100,000	157,000
Herman Y. Li	75,500	100,000	175,500
Jack C. Liu	77,000	100,000	177,000
Keith W. Renken	61,500	100,000	161,500
Lester M. Sussman	80,000	100,000	180,000

<sup>(1)</sup> The company granted 2,970 shares of the Company's common stock to each non-employee director on August 1, 2016. The grant date fair value is based on the number of shares granted and the closing price of the company's stock on the grant date. The closing price of the Company's common stock was \$33.67 on August 1, 2016. The grant date fair values are computed in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic No. 718, Compensation—Stock Compensation. See the Company's Annual Report on Form 10-K Note 14 Stock Compensation Plans to the Company's Consolidated Financial Statements for the year ended December 31, 2016 on the Company's accounting for share-based compensation plans. Each of Mss. Campbell and Chan, and Messrs. Estrada, Irving, Lee, Li, Liu, Renken and Sussman had a stock award representing 2,970 shares outstanding as of December 31, 2016.

## **COMPENSATION OF EXECUTIVE OFFICERS**

### Compensation Discussion and Analysis

This Compensation Discussion and Analysis (“CD&A”) describes the structure and guiding principles of our 2016 executive compensation program for the Company’s named executive officers (“NEOs”). Key leadership additions in 2016 include the appointment of Gregory Guyett as President and Chief Operating Officer on October 5, 2016.

### **2016 Named Executive Officers**

<b>Dominic Ng</b>	Chairman and Chief Executive Officer
<b>Gregory L. Guyett</b>	President and Chief Operating Officer
<b>Douglas P. Krause</b>	Executive Vice President, Chief Risk Officer, General Counsel and Corporate Secretary
<b>Irene H. Oh</b>	Executive Vice President and Chief Financial Officer
<b>Andy Yen</b>	Executive Vice President, Head of International and Commercial Banking

The CD&A provides an overview of our:

- 2016 performance;
- Executive compensation philosophy, and how we reinforce our business strategy through our pay programs;
- Alignment between business results and executive compensation through our pay program design; and
- Refinements to our 2017 compensation strategy as we continue to reinforce paying for performance.

The Company’s long-term organizational objective is to build a “financial bridge” between the United States and Greater China. Achieving that objective will require the right set of leadership skills and talent. With over 130 locations in the United States and Greater China, we have developed a talent strategy to identify, recruit and retain individuals who are highly knowledgeable about our customers’ specialized needs, while also well versed with the complexity of international business operations. At the same time, we actively seek to attract and retain talent who can lead and support our rapidly growing organization as we develop and further scale our business. Our compensation program,

with its focus on measurable results for the Company while being sensitive to market conditions, is a critical tool we use to motivate talent and reinforce our commitment to align pay incentives with performance.

## 2016 Performance Highlights

The Compensation Committee is pleased to report that the Company achieved strong performance again in 2016. We believe these results reflect the continued successful alignment between the Company's financial and organizational objectives and its executive compensation program.

### **2016 Performance Highlights<sup>3</sup>**

- Our full year 2016 return on assets of 1.3% and return of equity of 13.1% were in the Top 10% of publicly traded banks in the United States.<sup>4</sup>
- Growth in key financial metrics from 2015 to 2016:
- Diluted earnings per share grew 12% to \$2.97 per diluted share
- Net income increased 12% to \$431.7 million
- Total assets grew 8% year over year, to reach a record \$34.8 billion as of December 31, 2016. Total loans grew to \$25.5 billion, representing an increase of 8%
- Total deposits grew to \$29.9 billion, representing an increase of 9%
- Substantially completed implementation of new systems to support risk management program.

<sup>3</sup> Balances as of December 31, 2016, as compared to December 31, 2015. Activity and performance for the year ended December 31, 2016, as compared to the year ended December 31, 2015.

<sup>4</sup> Source: SNL Financial L.C.

In addition to consecutive years of rapid growth in our business and profitability, our performance has also outpaced that of other banks on a relative basis. Specifically, our full year 2016 return on assets of 1.3% and return of equity of 13.1% were in the Top 10% of publicly traded banks in the United States. In addition, we have maintained a consistently, and significantly, higher ROA and ROE for each of the last five (5) years relative to the median ROA and ROE achieved by our compensation peer group described on page 34 of this Proxy (the “Peer Group”) as well as the banks comprising the KBW Nasdaq Regional Banking Index (“KRX”) for those years. Overall, the Company ranked in the 92<sup>nd</sup> percentile on ROA and 98<sup>th</sup> percentile on ROE, relative to its Peer Group; and compared to the KRX, the Company ranked in the 89<sup>th</sup> percentile on ROA and 96<sup>th</sup> percentile on ROE for 2016.

In the charts above, median percentiles were used to represent the ROA and ROE performance of the Peer Group and the banks comprising the KRX.<sup>5</sup> The Company believes that ROA and ROE are important performance metrics because they measure the return the Company earned on its stockholders’ investment and the resources it deployed.

<sup>5</sup> Source: SNL Financial L.C.

In addition, our performance continues to outpace that of our peers when other financial metrics are applied. For example, for the fifth consecutive year, we have had a higher total shareholder return (“TSR”) relative to the median TSR achieved by the banks comprising the KRX and our Peer Group for the cumulative return to stockholders. TSR is an important performance metric in stockholder value creation because it correlates directly with the Company’s stock price performance and dividends paid and is therefore aligned with stockholder interests. In that regard, the consistent financial performance of the Company, year after year, has resulted in long term value for our stockholders.

The graph of total shareholder return assumes that on December 31, 2012, \$100 was invested in EWBC common stock, the Peer Group and the banks comprising the KRX, and that all dividends were reinvested.<sup>6</sup>

<sup>6</sup> Source: SNL Financial L.C.



## **Framework and Process for Determining Executive Compensation**

### Our Compensation Philosophy

We have designed our executive compensation program to attract and retain excellent managers, while also motivating them to deliver on our key financial and strategic goals. To support this objective, we included critical components in our program that are designed to:

- Support the achievement of the Company’s vision and business objectives;
- Link a significant portion of total compensation to annual bonuses and performance-based compensation that reward our executives for meeting and exceeding goals in our key strategic focus areas; and
- Motivate our executives to focus on strong long-term performance and stockholder value by allocating a significant portion of total pay to equity-based compensation.

At the core of our compensation philosophy is aligning pay with measurable performance, and we reinforce this principal by how we structure compensation for our NEOs.

### **Our Executive Compensation Program**

#### **What We Do**

- ü Place a substantial majority of executive compensation at risk and subject to performance metrics
- ü Engage with and consider stockholder input in designing our executive pay programs
- ü Grant all of our NEOs’ total long-term incentives in performance-based restricted stock units
- ü Link annual NEO incentive pay to objective, pre-established financial performance goals

ü With oversight from the Compensation Committee, perform annual risk assessments to ensure that our compensation policies and programs are not likely to have a material adverse effect on the Company

ü Engage an independent compensation consultant that will report solely to the Compensation Committee

ü Maintain stock ownership requirements for all NEOs, including a requirement that a majority of stock grants (net of taxes) must be held until retirement

ü Maintain a relevant peer group

ü Maintain a clawback policy

#### **What We Don’t Do**

- × Do not allow re-pricing of stock options without stockholder approval.
- × Do not provide “single trigger” change in control payments to executive officers
- × Do not permit hedging of company stock
- × Do not permit gross-ups for excise or other taxes on severance or in connection with a change in control

ü Conduct an annual review and approval of our compensation strategy

Our compensation program benefits from the collective experience of our Compensation Committee and senior management team, who believe these compensation elements provide the proper alignment of incentives for our leaders while ensuring that we can create strong and sustainable stockholder value. Additionally, we meet with key stockholders to discuss their views on executive compensation and solicit feedback on our specific pay program.

## Compensation Committee

As outlined in our Corporate Governance Guidelines, the Compensation Committee is responsible for developing and overseeing the Company's executive compensation policies and programs. The goal of the Compensation Committee is to maintain compensation that is competitive within the markets in which we compete for talent and that reflects the long term interests of our stockholders.

The Compensation Committee is responsible for:

- Developing the overall compensation strategy and policies for the Company;
- Developing, evaluating and approving the goals and objectives of the compensation of the CEO;
- Evaluating and approving the individual compensation, including bonus and equity incentive compensation and perquisites of each of the NEOs;
- Establishing the guidelines for stock ownership for the executive management;
- Along with the Head of Human Resources and Chief Risk Officer, reviewing our incentive compensation programs to evaluate and ensure that none of them encourage excessive risk;
- Developing and maintaining a balanced compensation strategy of long-term and short-term incentives;
- Retaining outside advisors, including compensation consultants, to provide professional counsel;
- Annually, approving the Compensation Committee Report and our Compensation Discussion and Analysis for inclusion in our Proxy Statement; and
- Providing reports to the Board on compensation matters.

## Compensation Committee Resources in Setting Pay

The Compensation Committee considers several resources, analytical tools and performance measures in determining compensation levels, as presented in the chart below:

Compensation Committee Resource	Description
Compensation Committee Consultant	The independent compensation consultant reports directly to the Compensation Committee. The independent compensation consultant also advises the Compensation Committee on trends and issues in executive compensation and provides comparative compensation information for companies with which the Company competes for talent. The Compensation Committee has the sole authority to retain and oversee the work of the consultants, who do not provide services to Company management.

The Company's  
Human Resources  
Department

The Company's Human Resources Department provides additional analysis, administrative support and counsel as requested by the Compensation Committee.

Say on Pay  
Proposal

The Compensation Committee has considered the annual "Say-on-Pay" vote and solicited input from a number of our larger stockholders. The Compensation Committee believes that the proposed compensation structure with the modifications discussed elsewhere in this Proxy Statement is appropriate for the Company.

## Use of Peer Group

The Compensation Committee, with input from its compensation consultant, reviews at least annually the composition of peer companies against which the Company evaluates itself for compensation purposes. In determining the composition, financial institutions of comparable asset size were considered, using a combination of factors and considerations, including but not limited to other financial metrics (market capitalization and revenues), geographic locations, competition for talent, and business model and complexity of operations.

In March 2016, the Compensation Committee initially approved a 2016 compensation peer group that would consist of substantially the same companies as in the 2015 compensation peer group. When comparative data showed the Company outgrowing this peer group, ranking in the 83<sup>rd</sup> and 69<sup>th</sup> percentiles, respectively, in market capitalization and asset size as of June 30, 2016, the Committee decided to revisit the list of peers.

Recognizing the continued meaningful differences in market capitalization and asset size between the Company and its peer group, the Compensation Committee performed a comprehensive review of the composition of the peer group. With input from Willis Towers Watson, the Compensation Committee removed six banks that did not compete with the Company in similar geographic areas for business or talent. The six banks were Associated Banc-Corp, First Citizens Bancshares, Inc., Fulton Financial Corporation, TCF Financial Corporation, UMB Financial Corporation, and Wintrust Financial Corporation. First Merit Corporation was also removed because it was acquired by Huntington Bancshares Inc. The Company added the following banks: BankUnited, Inc., Comerica Inc., Huntington Bancshares Inc., PrivateBancorp, Inc., Prosperity Bancshares, Inc., Umpqua Holdings Corporation, KeyCorp, Northern Trust Corporation, Regions Financial Corporation, and Western Alliance Bancorporation, and a thrift, New York Community Bancorp, Inc. This revised peer group (“the “Peer Group”) had a median market capitalization of \$5.9 billion and a median asset size of \$32.8 billion as of December 31, 2016. The Compensation Committee believes the new Peer Group reflects the Company’s evolution and positions it with peers that are now comparable to the Company’s current size and complexity. As of December 31, 2016, the Company ranked in the 61<sup>th</sup> percentile and 51<sup>th</sup> percentile, respectively, in terms of market capitalization and asset size, relative to the Peer Group.

The companies in the Peer Group are as follows:

- BankUnited, Inc.
- BOK Financial Corporation
- Comerica Inc.
- Huntington Bancshares Inc.
- Investors Bancorp Inc.
- KeyCorp
- People’s United Financial, Inc.
- Popular, Inc.
- PrivateBancorp, Inc.
- Synovus Financial Corporation
- Umpqua Holdings Corporation
- Webster Financial Corporation
- Western Alliance Bancorporation

- Commerce Bancshares, Inc.
- New York Community Bancorp, Inc.
- Prosperity Bancshares, Inc.
- Zions Bancorporation
- Cullen/Frost Bankers, Inc.
- Northern Trust Corporation
- Regions Financial Corporation
- First Horizon National Corporation
- PacWest Bancorp
- Signature Bank
- SVB Financial Group
- First Republic Bank

It is important to note that in determining executive compensation, the Compensation Committee does not solely rely on comparative data from the Peer Group. While comparisons can be useful in identifying general compensation trends and overall pay levels, the Compensation Committee recognizes there may be meaningful differences between us and our peer companies. The listing of NEOs, for example, may vary amongst our peer companies, with titles, compensation, and tenure that do not readily track with ours. The Compensation Committee uses the comparison data as a general indicator of market trends in executive compensation, but does not use it exclusively to set compensation levels for the CEO or other NEOs. In addition to peer data, the Compensation Committee also reviews individual and company performance, the position and tenure, responsibilities within the Company, and other factors to determine total compensation for the NEOs. See “*Factors and Steps in Setting Pay*” for a more detailed discussion.

Moreover, for purposes of determining long-term incentive awards, the Compensation Committee and its compensation consultant Willis Towers Watson determined it would be appropriate to continue using the KRX (the “Long Term Performance Peer Group”). The continued use of this benchmark will enhance the transparency of the Company’s goal setting process by referring to a broad index compiled by a third party.

## Factors and Steps in Setting Pay

Compensation for the NEOs and certain other executive officers is typically evaluated and set by the Compensation Committee in the first quarter of each year, using the latest available competitive compensation data provided by the compensation consultant, peer data, as well as Company business department and individual performance data. An executive's compensation is generally established after considering the following factors:

- Competitive pay data for similar jobs and responsibilities in the market.
- The Company's performance against financial measures.
- The Company's performance relative to strategic initiatives approved by the Compensation Committee.
- Business climate, economic conditions and other factors.
- The results of the most recent "Say-on-Pay" stockholder vote.

As a rapidly growing organization, we encounter significant competition for top management talent – those with the strategic vision, understanding of specialized industries, and the international banking experience necessary to continue our growth. This challenge to attract and retain qualified personnel has been an important consideration in our compensation decisions, and we expect it will continue to be a significant consideration going forward.

For the CEO, the Compensation Committee annually reviews and approves the corporate goals and objectives relevant to the CEO's compensation, evaluates the CEO's performance against those objectives and approves the CEO's compensation level based on that evaluation. With assistance from the compensation consultant, the Compensation Committee also considers the Company's Peer Group and other peer data on base pay, performance-based bonus targets and long-term incentive awards when setting compensation types and amounts for the CEO.

With input from the compensation consultant, the Compensation Committee separately reviews and discusses with the CEO his annual compensation recommendations for the other NEOs. A variety of factors help determine the final approved compensation amounts for the NEOs. For base salary adjustments, compensation data from our Peer Group and survey data for similar jobs and job levels are considered. For annual performance-based bonus payout and long-term incentive awards, the executive's achievement against performance goals, along with individual contributions toward Company objectives, is taken into account.

The Compensation Committee does not benchmark to a particular percentile in determining target total direct compensation. Rather, it uses market peer proxy and survey data as a reference point, giving consideration to factors such as tenure, individual performance, any unique circumstances of the NEO's position based on that individual's responsibilities, market factors, succession considerations and retention considerations. We believe this approach drives higher realized compensation when our financial and shareholder performance is strong and less realized

compensation when our financial and/or stockholder performance is lower.



**Primary Elements of Our Executive Compensation Program**

With input from our stockholders, we have designed an executive compensation program that aligns pay with measurable performance on our corporate goals. The components of, and rationale for, each element of our executive compensation program are described in the table below.

<b>Compensation Elements</b>	<b>Description</b>	<b>Rationale</b>	<b>Key Performance Metrics Applicable</b>	<b>Measurement Period</b>
Base Salary	<ul style="list-style-type: none"> <li>Fixed compensation delivered in cash on a regular basis</li> </ul>	<ul style="list-style-type: none"> <li>Market-aligned component of the overall pay package to provide a competitive level of fixed income; key to attracting and retaining highly qualified executives</li> </ul>	-	<ul style="list-style-type: none"> <li>Ongoing</li> </ul>
Performance-Based Bonus Plan	<ul style="list-style-type: none"> <li>The plan is designed to provide an effective means to motivate and compensate NEOs, on an annual basis, through cash bonuses based on the achievement of business and/or individual performance</li> </ul>	<ul style="list-style-type: none"> <li>Motivates achievement of critical short-term financial and strategic results</li> <li>Provides balance between financial metrics and strategic measures and ensures alignment across the three key strategic focus areas</li> <li>Provides appropriate line of sight for executives through the use of individual and department goals</li> </ul>	<ul style="list-style-type: none"> <li>Financial Metrics of EPS and Loan Growth</li> <li>Strategic Goals of BSA/AML/Risk Management, Bridge Banking, and Talent and Leadership</li> </ul>	<ul style="list-style-type: none"> <li>1 Year</li> </ul>
Long-Term Incentive (“LTI”) Award:	<ul style="list-style-type: none"> <li>The LTI award is designed to motivate NEOs by means of appropriate incentives to achieve long-range goals and align NEOs' interests with those of our stockholders through compensation that is based on our common stock.</li> </ul>	<ul style="list-style-type: none"> <li>Focuses executives on achievement of critical long-term operating results</li> </ul>	<ul style="list-style-type: none"> <li>Financial Metrics of ROA, ROE and TSR (relative)</li> </ul>	<ul style="list-style-type: none"> <li>K Years</li> </ul>
Restricted Stock Units (“RSUs”)	<ul style="list-style-type: none"> <li>The LTI award is designed to motivate NEOs by means of appropriate incentives to achieve long-range goals and align NEOs' interests with those of our stockholders through compensation that is based on our common stock.</li> </ul>	<ul style="list-style-type: none"> <li>Establishes strong alignment with long-term stockholder interests through performance-based payouts in shares of our common stock</li> </ul>		

- Enhances retention and drives stockholder value creation

## **Base Salary**

Base salary is a fixed portion of compensation that is based on peer group salary data, salary surveys, and an executive's skills, responsibilities, experience and relative importance to the Company. Actual, total salaries reflect an individual's responsibilities within the Company, his or her job performance over time and other factors, such as the assessment by the Compensation Committee (and by the CEO, in the case of other NEOs) of an executive's performance.

## **Performance-Based Bonus Plan**

The Compensation Committee developed a cash incentive program (the "Performance-Based Bonus Plan") to motivate and reward executives for achieving critical Company-wide financial metrics and strategic goals (collectively, "Corporate Goals"), and departmental or individual goals. The Corporate Goals are further divided into financial goals and strategic goals as described below. In general, payout from the Performance-Based Bonus Plan is based on the achievement of a combination of Corporate Goals and individual or departmental goals. For the CEO and the President and COO, however, payout from the Performance-Based Bonus Plan is based entirely on the achievement of Corporate Goals. Of the amount in the Performance-Based Bonus Plan attributable to Corporate Goals, financial metrics make up 75%, while the balance is based on the attainment of the Company's strategic goals.

The 2016 Performance-Based Bonus Plan was structured to balance financial rewards and business risks by including multiple Company performance measures. The Compensation Committee, at its discretion, reserves the right to adjust downward any bonus payments proposed for an NEO. Actual bonus payment is subject to the Company having satisfied any regulatory capital requirement administered by the federal banking agencies. Amounts paid out as bonus are also subject to our Executive Recovery Policy, which provides for the clawback of executive compensation if certain triggering events occur. See "*Clawbacks for any Restatement; Executive Compensation Recovery Policy*".

## **2016 Financial Metrics for Performance-Based Bonus**

The 75% portion of the Performance-Based Bonus Plan attributable to Corporate Goals is tied to the achievement of certain financial metrics. In 2016, those metrics include the Company's diluted earnings per share and growth in total loans, with the following weighting:

To reinforce the importance of profitability, a 50% weighting was assigned to achieving target diluted earnings per share;

To align directly with the corporate goal of growing the business, a 50% weighting was assigned to achieving target growth in total loans.

## **2016 Financial Metrics Results**

### **Diluted Earnings Per Share**

The 2016 financial objective included a 50% weighting based on achieving target diluted earnings per share (“EPS”) of \$2.82. A threshold of 50% achievement would be achieved if diluted earnings were at \$2.74 per share with no credit given for diluted earnings less than that amount. A maximum achievement of 200% would be achieved if diluted earnings per share were \$2.90 or more.

The Company recognizes that the growth of diluted earnings per share is an important metric for stockholders to measure the Company’s performance. We believe that including this metric as a performance measurement aligns the interests of management and those of the stockholders. The target diluted earnings per share goal of \$2.82 was determined based on the Company’s annual financial budget for 2016. This goal was challenging as it required the Company to increase diluted earnings per share for the seventh consecutive year and at a rate above what analysts projected for our Peer Group. We exceeded analysts’ expectations by achieving diluted earnings per share of \$2.97, significantly higher than our target as well as our Peer Group. Our 2016 diluted earnings per share of \$2.97 represented an increase of 12% from 2015, compared to the 7% median decrease and 3% average decrease for our Peer Group in 2016. Overall, our year-to-year increase in diluted earnings per share put us at the 71<sup>st</sup> percentile relative to our Peer Group. Our above-target diluted earnings per share of \$2.97 resulted in 200% achievement of this goal.

## Growth in Total Loans

The 2016 financial objectives included a 50% weighting based on achieving growth in total loans to \$25.60 billion. Net interest income is the largest component of revenue for most banks, including our Bank and those in our Peer Group. As such, the ability to grow loans and increase net interest income is an important financial metric by which to measure performance. A threshold of 50% achievement would be achieved if loans grew to \$24.89 billion, with no credit given if loans were less than that amount. A maximum achievement of 200% would be achieved if loans grew to \$26.54 billion or more in 2016.

The goal was set to increase loans at a rate above analysts' projections for our Peer Group. Despite a highly competitive environment, we believed loan growth was possible in large measure because of the Company's cross-border business strategy.

Total loans were \$25.53 billion as of December 31, 2016, resulting in a 92% achievement of the loan growth goal. The Company was pleased it was able to achieve results consistent with expectations while maintaining pricing and credit quality discipline. The increase in loans was largely driven by balanced and diversified loan originations consisting of commercial, consumer as well as commercial real estate loans.

## Summary Results of Financial Metrics

The table below outlines the financial metrics and actual results for 2016.

Financial Metrics	Weighting	Threshold	Target	Maximum	2016 Result	Metric Achievement
Earnings per Share (EPS)	50%	\$2.74	\$2.82	\$2.90	\$2.97	200%
Total Loans (in Billion)	50%	\$24.89B	\$25.60B	\$26.54B	\$25.53B	92%
Total for Financial Metrics						146%

## 2016 Strategic Goals for Performance-Based Bonus

The 25% portion of the Performance-Based Bonus Plan attributable to Corporate Goals was based on the achievement of certain strategic initiatives tied to building the Company's platform and positioning it for sustained future growth.

The 2016 strategic goals were focused on three areas with the following weightings:

To align with our strategic focus of managing risks and building a foundation for future growth, a 60% weighting was assigned to enhancing the Company's Bank Secrecy Act ("BSA") and Anti-Money Laundering ("AML") programs and risk management;

A 20% weighting was assigned to building bridge banking; and

A 20% weighting was assigned for talent and leadership.

The Compensation Committee recognizes that strategic goals are not readily quantified in the same way as the financial metrics, and have more inherent subjectivity in their measurement. In light of these considerations, it has been the Compensation Committee's practice to limit the achievement of strategic goals to no more than the percentage achieved for the financial goals, even if the Company achieved the maximum level of performance for any of the strategic goals.

## **2016 Strategic Goals Results**

At its March 2017 meeting, the Compensation Committee, in consultation with the CEO, made an assessment as to whether the Company's strategic goals were achieved. The goal relating to enhancing BSA and AML programs and risk management was measured based on the Company's ability to effectively complete tasks on the Company's BSA and AML program and successfully enhance its current risk management processes, develop an enterprise risk management program, and complete the conversion of the Company's BSA system. The growth in bridge banking was measured based on internal goals set to improve our internal processes and programs to better support cross-border customers. The goal of employee development and retention was measured by the turnover rate of key talent as well as specific metrics regarding the growth and development of internal leaders.

While strategic goals by their nature are longer term and the Company has made significant progress in each area, the CEO shared with the Compensation Committee that the strategic goals could have been advanced further in 2016. After discussion with the CEO, the Compensation Committee determined that achievement of strategic goals was at 91%. Specifically, while the goal of BSA/AML and risk management was achieved at 100%, the goal of building bridge banking (80%) and developing talent and leadership (76%) was only met in part.

### **Performance-Based Bonus for NEOs**

In 2016, using the above discussed performance goals, the Company achieved 132% of the target Corporate Goals, consisting of 146% achievement of the financial metrics (75% weighting) and 91% achievement of strategic metrics (25% weighting).

All NEOs except the CEO, and the President and Chief Operating Officer, were evaluated on individual and departmental goals as part of their 2016 Performance-Based Bonus Plan. For the CFO and the Chief Risk Officer/General Counsel, 50% of their performance-based bonus was based on the achievement of the Corporate Goals as described above and 50% was based on individual and department goals. For the Head of International and Commercial Banking, 30% of his performance-based bonus was based on the achievement of the Corporate Goals and 70% was based on individual and department goals. Individual and departmental goals vary by individual and are set by the CEO, in conjunction with the Compensation Committee, by the end of the first quarter of the year.

### **Long Term Incentive (“LTI”) Awards**

LTI awards are compensation awards designed to tie the compensation of our executives to stockholder returns. These awards are generally granted in the first quarter of each year, allowing the Compensation Committee adequate time to evaluate prior year performance. The timing of the grants generally follows the filing of the Company’s annual report on Form 10-K and occurs before the start of the Company’s “blackout period,” during which insiders may not engage in Company stock transactions. LTI awards are granted under the Company’s 2016 Stock Incentive Plan as amended, which is the Company’s omnibus stockholder-approved plan for equity awards to employees.

Similar to the 2015 LTI grant, 100% of the value of the 2016 LTI awards granted to the NEOs was comprised of Restricted Stock Units (“RSUs”) subject to a performance period of three (3) years (January 1, 2016 through December 31, 2018), and is payable only at the end of the three-year period. An NEO may annually earn a “target” amount of RSUs equal to one third of the total RSUs granted. The actual number of RSUs earned, however, may be higher or lower than the target amount, and depending on the Company’s financial performance that year relative to the Long Term Performance Peer Group, can range from 0% to 200% of the target RSUs as described below. The

Compensation Committee believes this practice further aligns our compensation program with industry best practices for LTI awards, and reflects an appropriate balance between financial reward and long-term performance.

The financial performance metrics we use for the LTI award – ROA, ROE and TSR – are common indicators of value creation in the banking sector and serve to focus management’s attention on enhancing results in these areas. ROE is a direct measurement of the return on capital. The Company believes that for long-term strategy and sustainability, ROA is an important and prudent metric, reflecting the Company’s ability to execute on its long term business model. TSR measures the movement of the Company’s stock price and dividends paid over time. The TSR metric underscores the connection between executive pay and stockholder interests by measuring our ability to provide a greater return to our stockholders than our competitors.

We set the “target” level of RSUs that could be earned in a given year at the median, or 50<sup>th</sup> percentile, of the ROA, ROE and TSR ratios of the Long Term Performance Peer Group. We believe these are challenging goals because of strong competition within the Long Term Performance Peer Group. The actual RSUs that are earned in a given year may be higher or lower than the target amount of RSUs if performance is better (or worse) relative to the Long Term Performance Peer Group. ROA, ROE and TSR ratios of less than the 50<sup>th</sup> percentile will proportionately reduce the amount of RSUs earned in that year, and no RSU is earned if the ratios put the Company at less than the 30<sup>th</sup> percentile of the Long Term Performance Peer Group. A maximum of 200% award relative to the “target” level of RSUs will be earned for performance at or above the 80<sup>th</sup> percentile, and the award is prorated between 100% and 200% for performance between the 50<sup>th</sup> and 80<sup>th</sup> percentiles. The table below illustrates the relative weighting assigned to each financial metric and the performance required to achieve payouts.

Metric	Weighting	Threshold (50% payout)	Target (100% payout)	Maximum (200% payout)
ROA	37.5%	30 <sup>th</sup> percentile	50 <sup>th</sup> percentile	>=80 <sup>th</sup> percentile
ROE	37.5%	30 <sup>th</sup> percentile	50 <sup>th</sup> percentile	>=80 <sup>th</sup> percentile
TSR	25%	30 <sup>th</sup> percentile	50 <sup>th</sup> percentile	>=80 <sup>th</sup> percentile



The Company calculates the aggregate grant date fair value of awards at the date of grant in accordance with the same standard it applies for financial accounting purposes. Consistent with SEC regulations, the grant date fair value of 2016 LTI award equity grants for the NEOs are presented in the Summary Compensation Table and 2016 Grants of Plan-Based Awards table. Total outstanding unexercised or unvested LTI grants are shown in the 2016 Outstanding Equity Awards table.

### **2011 Long-Term Performance Award for CEO**

On July 26, 2011, the Compensation Committee approved a \$5.0 million long-term performance award for the CEO to recognize and reward the CEO for completing the transformational FDIC-assisted acquisition of United Commercial Bank in 2009. The Compensation Committee conditioned the award on the achievement of specific performance measures, and payments were deferred until a time when the Compensation Committee believed the acquisition would also yield tangible benefit to stockholders through higher-than-peer stock price appreciation.

The award for the CEO consisted of a \$2.5 million cash payment on each of October 31, 2015 and March 31, 2016. The award was subject to the Company meeting the following long-term performance metrics: (1) the Company satisfies applicable regulatory requirements for well-capitalized banks at the end of each fiscal year through the date of payment; and (2) the Company achieves at least a 60<sup>th</sup> percentile of TSR for its peer group from November 6, 2009 (the date of the United Commercial Bank acquisition) through the last day of the year that is prior to the year of payment. Additionally, both payments required that the CEO remain employed at the Company as of the date of payment.

From November 6, 2009 to December 31, 2014, the Company's TSR was 380.72%, far exceeding the 60<sup>th</sup> percentile of TSR of 109.77%<sup>7</sup> for the 2014 Peer Group. Accordingly, on October 31, 2015, the CEO received a \$2.5 million cash payment. In addition, from November 6, 2009 to December 31, 2015, the Company's TSR was 426.31%, far exceeding 118.44%, or the 60<sup>th</sup> percentile of TSR for the 2015 Peer Group. Additionally, the Company continues to be well-capitalized and the CEO remains employed at the Company. Thus, on March 31, 2016, the CEO received the last \$2.5 million cash payment for the performance period ended on December 31, 2015, which is therefore reported as part of his 2016 total compensation.

The final 2016 pay mix for our NEOs highlights the Company's commitment to align compensation outcomes to results, and underscores our compensation philosophy of placing significant emphasis on at-risk, performance-based pay. In 2016, over 80% of the CEO's target pay was at risk and linked to performance-based outcomes. Similarly, for the other NEOs, over 60% of the average target pay was at risk and tied to direct performance results.

<sup>7</sup> Source: SNL Financial L.C.

40

## Retirement Programs and Perquisites

Our NEOs receive the same customary benefits as all other employees, including medical, dental, life, disability, and a 401(k) plan which includes company matching contributions. The NEOs are eligible to participate in the same plans and to the same extent as most other salaried employees. The Company maintains a legacy Deferred Compensation Plan which has not accepted new contributions since 2008. In 2016, the Compensation Committee approved a new Deferred Compensation Plan to help attract and retain executives. None of the NEOs participated in either the legacy Deferred Compensation or the new Deferred Compensation Plan in 2016.

In addition, the Company sponsored a Supplemental Executive Retirement Plan (the “SERP”) which provided supplemental retirement benefits to one of the NEOs for part of 2016. The SERP is discussed in further detail under “*Retirement Plans.*”

In general, the NEOs do not have different or greater benefits than other employees with the exception of financial planning services for the CEO, the use of a Company-owned car for the CEO, and an automobile allowance for the President and COO and Head of International and Commercial Banking pursuant to the employment agreement between them and the Company. The Compensation Committee reviews the perquisites provided to the NEOs annually as part of their overall review of executive compensation. Based on a review of competitive pay data provided by its external compensation consultant, the Compensation Committee determined that the perquisites provided in 2016 are within an appropriate range of competitive compensation practices. Details about the NEOs perquisites, including the cost to the Company, are shown in the “*Summary Compensation Table*” under the “*All Other Compensation*” column on page 48 together with the accompanying footnotes.

**2016 Compensation Decisions for Named Executive Officers**

With input from its compensation consultant, the Compensation Committee considered the following contributions and achievements in determining the 2016 compensation for the NEOs. Performance-based bonus awards were based on the financial performance of 2016 and paid to the NEOs in March 2017.

The Compensation Committee’s determination of each of these matters were based on the recommendation of the CEO (except in the case of his own compensation), the parameters established by the executive’s employment agreement, if applicable, and the factors described below. In addition, in determining equity awards, the Compensation Committee considered its overall long-term incentive guidelines for all executives, which attempt to balance in the context of the competitive market for executive talent, the benefits of incentive compensation tied to performance of the Company’s common stock with the dilutive effect of equity compensation awards.

**Dominic Ng**

- Financial results:
- Delivered strong 2016 financial performance with record net income of \$432 million and record diluted EPS of \$2.97, an increase of 12% from 2015
- Delivered attractive returns of 1.30% on average assets and 13.06% on average equity outperforming peers
- Delivered total loan growth of 8% and total deposit growth of 9%
- Enhanced BSA and risk management programs with substantial completion on key areas relating to BSA compliance, while strengthening risk management oversight
- Strengthened our cross-border businesses and expanded market share in key lending segments including entertainment, technology and life sciences
- Continued to invest in our people, increasing leadership pipeline and developing expertise and skills critical for future growth

2016 Key Achievements

<b>Value Related to 2016 Performance</b>	<b>Disclosed 2016 Summary Compensation Table Value</b>	<b>Considerations</b>
------------------------------------------	--------------------------------------------------------	-----------------------

Edgar Filing: EAST WEST BANCORP INC - Form DEF 14A

Base Salary	\$1,000,000	\$1,000,000	<ul style="list-style-type: none"> <li>· Mr. Ng's 2016 base salary was \$1,000,000. For the fifth consecutive year, the Compensation Committee decided not to increase Mr. Ng's base salary and to focus on long-term and performance incentives.</li> </ul>
Performance-Based Bonus	\$1,320,000	\$1,320,000	<ul style="list-style-type: none"> <li>· Mr. Ng received a performance-based bonus of \$1,320,000 for 2016. Mr. Ng's performance-based bonus award was 132% of his 2016 target bonus of 100% of base salary, and was determined based on the Company's achievement of the Corporate Goals under the formula-based Performance Based Plan.</li> </ul>
Long-Term Incentive Award	\$4,000,000	\$3,740,028	<ul style="list-style-type: none"> <li>· Mr. Ng received an LTI award of \$4,000,000 in RSUs. The award is subject to the performance of the Company on ROA, ROE and TSR relative to the Long Term Performance Peer Group. All LTI equity grants are subject to a three-year cliff performance schedule.</li> </ul>
2011 Long-Term Performance Award	\$0	\$2,500,000	<ul style="list-style-type: none"> <li>· Mr. Ng received a \$2.5 million cash payment on March 31, 2016 pursuant to a special award approved on July 26, 2011 by the Compensation Committee, intended to recognize Mr. Ng for successfully completing the transformational FDIC-assisted acquisition of United Commercial Bank in 2009. The payment of this award was deferred until 2016, after the satisfaction of certain long-term performance criteria through December 31, 2015, which were met. Mr. Ng received the payment in 2016 and, as such, it is reported as part of his 2016 total compensation.</li> <li>· Had the \$2.5 million legacy award approved in 2011 not been included, Mr. Ng's compensation would equal the intended total value of \$6.32 million.</li> </ul>
Total	\$6,320,000	\$8,560,028	<ul style="list-style-type: none"> <li>· Disclosure rules for cash-based performance programs required that the Company include the \$2.5 million legacy award, which measured performance between 2011 and 2015.</li> </ul>

**Gregory L. Guyett**

2016 Key Achievements	· Led significant, enterprise-wide effort to strengthen our talent pipeline, enhanced organizational effectiveness through people and process, and reinforced a culture focused on cross-functional collaboration.
Base Salary	· Mr. Guyett's base salary was \$750,000.
Performance-Based Bonus	· Mr. Guyett received a performance-based bonus of \$247,500 for 2016. Mr. Guyett's performance-based bonus award was 132% of his 2016 target bonus of 100% of base salary, and was determined based on the Company's achievement of the Corporate Goals under the formula-based Performance Based Plan, as pro-rated.
Restricted Stock Unit Award	· Mr. Guyett received an award of \$1,000,000 in RSUs upon his hire, which is subject to a three-year cliff vesting schedule.

**Douglas P. Krause**

2016 Key Achievements	· Enhanced risk and regulatory framework with substantial completion of key areas relating to BSA compliance.
Base Salary	· Strengthened overall risk management programs including legal, compliance, enterprise risk management and governance.
Performance-Based Bonus	· Assumed additional managerial responsibilities during the leadership transition period, after the retirement of our former President and Chief Operating Officer and before Mr. Guyett was hired.
Long-Term Incentive Award	· Mr. Krause's 2016 base salary was \$375,000.
	· Mr. Krause received a performance-based bonus of \$250,088 for 2016. Mr. Krause's performance-based bonus award was 111% of his 2016 target bonus of 60% of base salary. 50% of the possible bonus amount was determined based on the Company's achievement of the Corporate Goals under the formula-based Performance Based Plan, and the balance was based on the achievement of individual and department goals. Mr. Krause also received a special bonus award of \$120,000 for his additional responsibilities in 2016 during the leadership transition period.
	· Mr. Krause received an LTI award of \$350,000 in RSUs. The award is subject to the performance of the Company on ROA, ROE and TSR relative to the Long Term Performance Peer Group. All LTI equity grants are subject to a three-year cliff performance schedule.

**Irene H. Oh**

- Enhanced discipline around revenue opportunities and expense management.
  - Built up enterprise-wide data governance framework.
- 2016 Key Achievements · Provided strong leadership in strengthening credit review management function and improving its capabilities and process.
- Base Salary · Assumed additional managerial responsibilities during the leadership transition period.  
 · Ms. Oh's 2016 base salary was \$430,000.
- Performance-Based Bonus · Ms. Oh received a performance-based bonus of \$281,865 for 2016. Ms. Oh's performance-based bonus award was 109% of her 2016 target bonus of 60% of base salary. 50% of the possible bonus amount was determined based on the Company's achievement of the Corporate Goals under the formula-based Performance Based Plan, and the balance was based on the achievement of individual and department goals. Ms. Oh also received a special bonus award of \$120,000 for her additional responsibilities in 2016 during the leadership transition period.
- Long-Term Incentive Award · Ms. Oh received an LTI award of \$350,000 in RSUs. The award is subject to the performance of the Company on ROA, ROE and TSR relative to the Long Term Performance Peer Group. All LTI equity grants are subject to a three-year cliff performance schedule.

**Andy Yen**

- Enhanced the US-Greater China product platform.
- 2016 Key Accomplishments · Strengthened overall governance, such as BSA/AML, compliance and risk management in our Greater China locations.
- Expanded our customer base in the commercial lending area through our cross-border business model.
- Base Salary · Mr. Yen's 2016 base salary was \$400,000.
- Performance-Based Bonus · Mr. Yen received a performance-based bonus of \$192,000 for 2016. Mr. Yen's performance-based bonus award was 96% of his 2016 target bonus of 50% of base salary. 30% of the possible bonus amount was determined based on the Company's achievement of the Corporate Goals under the formula-based Performance Based Plan, and the balance was based on the achievement of individual and department goals.
- Long-Term Incentive Award · Mr. Yen received an LTI award of \$285,000 in RSUs. The award is subject to the performance of the Company on ROA, ROE and TSR relative to the Long Term Performance Peer Group. All LTI equity grants are subject to a three-year cliff performance schedule.





### **2017 Executive Compensation Program Decisions**

The Compensation Committee met in March 2017 to discuss parameters of the 2017 executive compensation program. Consistent with the long term focus and risk management practices of the Company, the Compensation Committee approved a compensation program that continues to reinforce paying for performance. These compensation decisions, which will be described in more detail in next year's Compensation Discussion and Analysis, are summarized as follows:

The following salary decisions were made: Mr. Ng's salary was adjusted to \$1,200,000, Ms. Oh's salary was adjusted to \$460,000, Mr. Krause's salary was adjusted to \$420,000, and Mr. Yen's salary was adjusted to \$405,000, while the salary of Mr. Guyett remained unchanged.

For the 2017 Performance-Based Bonus Plan, the Company's Corporate Goals will consist of financial metrics as well as strategic goals. Of the bonus amount attributable to Corporate Goals, financial metrics will again make up 75%, while the balance will be based on the attainment of the Company's strategic goals. The 2017 financial metrics include diluted EPS with a 75% weighting and loan growth with a 25% weighting.

The diluted earnings per share target metric of \$3.20 represents an 8% increase in diluted earnings per share. A threshold goal of \$3.09 per share, which represents a 4% increase from 2016, has been set, at which point 50% credit for goal achievement is given, and no credit is given for diluted earnings per share below this level. 200% credit is given for goal achievement if earnings reach \$3.32 per share, which would represent a 12% increase in diluted earnings per share from 2016.

Despite higher expenses devoted to enhancing our BSA/AML program, the Company continued to outperform its Peer Group by delivering superior year-to-year increase in earnings per share. As of December 31, 2016, the Company ranked in the 71<sup>st</sup> percentile in terms of increase in diluted earnings per share relative to the Peer Group. As we set targets for 2017, we used our 2016 diluted EPS, which was above our peers, as the baseline by which we would set our new targets.

The loan growth metric of \$27.59 billion represents an 8% increase in loans from December 31, 2016. The calculation of achievement of this loan growth metric will exclude the effect of any potential loan sales because the focus of the metric is the Company's ability to originate loans. A threshold goal of \$26.56 billion of loans, or a 4% increase, has been set, at which point 50% credit for goal achievement is given; and no credit is given for loan growth below this level. 200% credit is given for goal achievement if loans reach \$28.62 billion, which would represent a 12% increase in loans from 2016.

Metrics used for strategic objectives considered under the 2017 Performance-Based Bonus Plan were set at a 25% weighting, the same as in 2016. These are not financial metrics but are important measurement tools for the Company to continue to focus on its risk management practices and core business strategies. The goals will be focused in three areas: 50% on BSA/AML and risk management, 25% on bridge banking, and 25% on talent and leadership in all areas of the Company consistent with the business model.

The LTI awards granted in 2017 are subject to the satisfaction of the Company's annual performance metrics for each year of the three-year period (January 1, 2017 through December 31, 2019), and are payable only at the end of the three-year period. At 100%, or "target," achievement, the NEOs would earn the following equivalent amount in RSUs: Mr. Ng - \$4,000,000; Mr. Guyett - \$2,200,000; Mr. Krause - \$350,000; Ms. Oh - \$350,000; and Mr. Yen - \$285,000. The specific performance metrics and performance standards are as follows:

The financial metrics used for the 2017 LTI awards are closely tied to the long-term financial performance of the Company. We continue to believe that ROA, ROE and TSR are significant metrics in measuring the Company's long-term performance and effectively align management's interest with that of our stockholders. Similar to 2016, the 2017 LTI award goals are based on the Company's ROA, ROE and TSR, measured against the KBW Regional Banking Index, our Long Term Performance Peer Group for 2017. The ROA and ROE goals each have a 37.5% weighting, and the TSR goal has a 25% weighting.

In order to earn 100% of the RSU award granted, the Company's ROA, ROE and TSR must equal the 50<sup>th</sup> percentile of the Long Term Performance Peer Group in each of the three years. The threshold for earning any RSU award requires that the Company rank at least in the 30<sup>th</sup> percentile of the Long Term Performance Peer Group. At the 30<sup>th</sup> percentile, the RSU award is 50% of the "target" RSUs. If the Company does not achieve at least the 30<sup>th</sup> percentile, no RSU award will be earned. Awards will be earned on an interpolated schedule for performance between the 30<sup>th</sup> percentile at a 50% award value and the 50<sup>th</sup> percentile at 100% award value. A 200% award will be given for performance at or above the 80<sup>th</sup> percentile with the award interpolated between 100% at the 50<sup>th</sup> percentile and 200% at the 80<sup>th</sup> percentile.

### **Other Compensation Policies and Information**

In addition to adhering to the processes described in the preceding sections, the Compensation Committee maintains a strong corporate governance culture with respect to executive compensation. It has adopted over the years various policies, including those described below, to further align executive compensation to performance and what the Company believes is the best interest of the stockholders.

#### **Clawbacks for Any Restatement; Executive Compensation Recovery Policy**

The Company has adopted an Executive Compensation Recovery Policy for NEOs, which was approved by the Compensation Committee in 2012. Under this policy, all annual performance-based bonus payments and annual LTI awards that are based upon the Company's financial performance may be subject to clawback in the event of a restatement of the Company's financial statements. The clawback will be required without regard to the reason for the restatement, and the affected officers will be required to repay the Company the amount of any incentive payment or incentive award received in excess of what would have been paid based on the restated numbers.

#### **Trading Restrictions; Pledging Stock**

As provided in the Company's Insider Trading Policy, it is against Company policy for any employee, including any executive officer, to engage in speculative transactions in Company securities, which include but are not limited to trades in puts or calls in Company securities or selling Company securities short. In addition, under our Governance Guidelines, it is against Company policy for NEOs to pledge their shares in the Company for any purpose.

#### **No Tax Gross Ups**

We do not provide for any tax gross ups of excise or other taxes on severance payments or in connection with a change in control.

#### **Tax Deductibility of Executive Compensation**

Section 162(m) of the Code generally limits the tax deductibility of compensation paid by a public company to its CEO and certain other highly compensated executive officers to \$1 million in the year the compensation becomes taxable to the executive. There is an exception to the limit on deductibility for performance-based compensation meeting certain requirements. Although the Company does consider the impact of this rule when making compensation decisions, Company policy does not require all executive compensation to be tax-deductible. In the interest of flexibility and overall benefit for the Company's stockholders, the Compensation Committee will continue to facilitate the awarding of responsible but adequate executive compensation while taking advantage of Section 162(m) whenever feasible. The Company believes that all performance-based compensation paid in 2016 and that will be paid pursuant to compensation decisions made in 2016 should be deductible under Section 162(m).

### **Outreach to Stockholders**

Our compensation policies and practices continue to evolve based on input from our stockholders, our review of correspondence submitted by stockholders to our Board and management, our review of market practice, our consideration of the advice of the Compensation Committee's independent compensation consultant, our review of reports issued by proxy advisory firms and the results of the most recent annual "Say on Pay" vote by stockholders.

The 2016 "Say on Pay" vote approved the Company's 2015 executive compensation by approximately 98.3% of stockholders. The Committee views the high approval percentage as an indication that stockholders were generally satisfied with the compensation structure and its contribution to our strong financial performance. In addition to the annual "Say on Pay" vote, we often meet with key stockholders to discuss their views on executive compensation and to solicit feedback on our specific pay program.

In 2016 and early 2017, the Chair of our Compensation Committee directed efforts to reach out to more than 50 of our largest stockholders to discuss our compensation program. Among other things, our Compensation Committee sought stockholder input regarding the 2016 compensation for our CEO. The stockholders who met with us indicated that they were pleased with our financial performance, and they did not express any concerns about executive compensation. Based in part on that feedback, the Compensation Committee believes the Company's compensation approach is one of the more stockholder-centric compensation programs relative to our peers.

### **Compensation Program Risk Analysis**

The Compensation Committee reviews the Company's compensation policies and practices for our NEOs, as well as the incentive plans for other employees and determined that our incentive compensation programs are not reasonably likely to have a material adverse effect on the Company. To conduct this review, the Company completed an inventory of its incentive compensation plans and policies. This evaluation covered a wide range of practices and policies including: the balanced mix between pay elements, short term and long term programs, caps on incentive payouts, governance controls in place to establish, review and approve goals, use of multiple performance measures, Compensation Committee discretion on individual awards, use of stock ownership guidelines, use and provisions in severance/change of control policies, use of the Executive Compensation Recovery Policy and Compensation Committee oversight of compensation programs.

The Compensation Committee also evaluated, along with the Company's Chief Risk Officer, the conformity of the criteria and targets of our compensation program with the risk profile of the Company and whether the proposed goals or the structure of the awards might have the inadvertent effect of encouraging excessive risk or other undesirable behavior.

### **Report by Compensation Committee**

*The following Compensation Committee Report is not deemed filed or incorporated by reference into any other document, including the Company's filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates this Report into any such filing by reference.*

The Compensation Committee has reviewed and discussed with management the disclosures contained in the Compensation Discussion and Analysis. Based upon this review and our discussions, the East West Bancorp, Inc. Compensation Committee recommended to the Board that the Compensation Discussion and Analysis section be included in this 2017 Proxy Statement and be included by reference in its Annual Report on Form 10-K for the year ended December 31, 2016.

### **THE COMPENSATION COMMITTEE**

Jack C. Liu, Chairman  
Rudolph I. Estrada  
Keith W. Renken



The NEOs only receive compensation for services as executive officers and employees of the Bank, and no separate compensation is paid for their services to the Company. The table below and the accompanying footnotes summarize the 2016, 2015 and 2014 compensation for the NEOs (other than Mr. Yen for whom only 2015 and 2016 compensation is shown as Mr. Yen was not a named executive officer in 2014 and Mr. Guyett for whom only 2016 compensation is shown as Mr. Guyett was not a named executive officer in 2015 or 2014):

### Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) <sup>(1)</sup>	Option Awards (\$) <sup>(2)</sup>	Non-Equity Incentive Compensation (\$) <sup>(2)</sup>	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$) <sup>(3)</sup>	All Other Compensation (\$) <sup>(4)</sup>	Total Compensation (\$)
Dominic Ng Chairman and Chief Executive Officer	2016	1,000,000		3,740,175		3,820,000 <sup>(5)</sup>		111,490	8,671,665
	2015	1,000,000	-	4,119,935	-	3,810,000 <sup>(6)</sup>	-	110,586	9,040,521
	2014	1,000,000	-	3,249,986	-	1,540,000	-	69,984	5,859,970
Gregory L. Guyett President and Chief Operating Officer	2016	186,782 <sup>(7)</sup>		1,000,000		247,500 <sup>(7)</sup>		38,455	1,472,736
Douglas P. Krause Executive Vice President, Chief Risk Officer, General Counsel and Corporate Secretary	2016	375,000		327,282		370,088	295,568	26,120	1,394,058
	2015	375,000	-	231,784	-	214,875	292,863	25,461	1,139,983
	2014	372,500	-	199,985	-	280,000	259,844	8,873	1,121,202
Irene H. Oh Executive Vice President and Chief Financial Officer	2016	425,700		327,282		401,865		13,562	1,168,409
	2015	403,090	-	257,501	-	366,257	-	13,475	1,040,323
	2014	387,500	-	199,985	-	395,000	-	9,800	992,285
Andy Yen Executive Vice President and Head of International and Commercial Banking	2016	395,594		257,156		192,000		45,389	890,139
	2015	370,977	-	274,976	-	196,828	-	46,433	889,214

(1) Represents the aggregate grant date fair values of the RSUs and performance-based RSUs granted in 2016, 2015 and 2014 in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic No. 718, Compensation—Stock Compensation. See the Company’s Annual Report on Form 10-K, Note 14 Stock Compensation to the Company’s Consolidated Financial Statements for the year ended December 31, 2016 on the Company’s accounting for share-based compensation plans. With the exception of Mr. Yen and Mr. Guyett’s restricted stock unit awards, all of the other NEO’s equity awards are performance-based awards with payouts that depend on the probable outcome of the performance criteria and the price of the Company’s common stock on the award certification date. For the 2016 performance-based RSUs, assuming that the highest level of performance conditions will be achieved, the grant date fair value of the maximum awards for the NEOs would be as follows: Mr. Ng (\$6,740,197), Mr. Krause (\$589,797), Ms. Oh (\$589,797), and Mr. Yen (\$463,423).

(2) Represents incentive compensation received in 2017, 2016 and 2015 related to fiscal years 2016, 2015 and 2014, respectively.

(3) Includes the year-to-date change in the actuarial present value of the accumulated benefit under the SERP.

(4) 2016 “All Other Compensation” includes:

Mr. Ng: (i) Vacation cash-out of \$56,731, (ii) Financial planning and administrative services of \$39,600 and (iii) Company’s contributions under its 401(k) plan of \$11,925

Mr. Guyett: (i) Relocation benefit of \$35,000

Mr. Krause: (i) Vacation cash-out of \$15,865 and (ii) Company’s contributions under its 401(k) plan of \$10,255

Ms. Oh: (i) Company’s contributions under its 401(k) plan of \$11,925

Mr. Yen: (i) Car allowance of \$18,000, (ii) Vacation cash-out of \$15,464 and (iii) Company’s contributions under its 401(k) plan of \$11,925

These amounts reflect the Company’s actual costs to provide the perquisites or other personal benefits to the NEOs.

(5) Includes performance-based cash award of \$2,500,000 for Mr. Ng which was approved in July 2011, but not earned until March 2016. Mr. Ng received the payment in 2016 and it is therefore reported as part of his 2016 total compensation. Refer to “Compensation Discussion and Analysis – Section One – Overview and Compensation: Performance-Based Bonus” in the Proxy Statement for Annual Meeting of Stockholders held on May 22, 2012.

(6) Includes performance-based cash award of \$2,500,000 for Mr. Ng which was approved in July 2011, but not earned until October 2015. Mr. Ng received the payment in 2015 and it is therefore reported as part of his 2015 total compensation. Refer to “Compensation Discussion and Analysis – Section One – Overview and Compensation:



Performance-Based Bonus" in the Proxy Statement for Annual Meeting of Stockholders held on May 22, 2012.

(7) Mr. Guyett's salary and non-equity incentive for 2016 were prorated based on actual months of employment from his date of hire.

The table below summarizes the awards granted by the Compensation Committee to the NEOs in 2016:

### 2016 Grants of Plan-Based Awards

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>			Estimated Future Payouts Under Equity Incentive Plan Awards <sup>(2)</sup>			All Other Stock Awards: Number of Shares of Stock or Units <sup>(3)</sup>	Grant Date Fair Value of Equity Award <sup>(4)</sup>
		Threshold	Target	Maximum	Threshold	Target	Maximum		
Dominic Ng	3/1/2016	500,000	1,000,000	2,000,000	64,083	128,165	256,330	-	3,740,175
Gregory L. Guyett <sup>(5)</sup>	10/3/2016		187,500					27,390	1,000,000
Douglas P. Krause	3/1/2016	112,500	225,000	450,000	5,608	11,215	22,430	-	327,282
Irene H. Oh	3/1/2016	129,000	258,000	516,000	5,608	11,215	22,430	-	327,282
Andy Yen	3/1/2016	100,000	200,000	400,000	4,406	8,812	17,624	-	257,156

(1) These grants show the potential payment for our NEOs under our formula-based Performance-Based Bonus Plan. Additional information regarding the Performance-Based Bonus Plan is discussed in the section "Compensation Discussion and Analysis - 2016 Compensation Decisions for Named Executive Officers" in this Proxy Statement. The actual payments the NEOs received are based upon the performance attained and are included in the Non-Equity Incentive Plan Compensation column in the "Summary Compensation Table" above.

(2) Represents performance-based RSUs that cliff vest on March 1, 2019, assuming that the employee remains employed through such date. Vesting is subject to meeting pre-established performance goals over multiple performance periods with the last performance period ending on December 31, 2018. Dividends are accrued and paid at the time of vesting. Actual payout may range from zero to the maximum number of performance-based RSUs. Awards will be paid out 100% in stock in a number of shares equal to the number of performance-based RSUs vested. The target units represent the target number of performance-based RSUs granted on the grant date, and the Company's

TSR, ROA and ROE performance at the 50th percentile compared to the performance of the banks comprising the KRX for each year, representing a payout of 100%. Threshold units represent the Company's TSR, ROA and ROE performance at the 30th percentile compared to the KRX for each year, resulting in a payout of 50% of the target number of performance-based RSUs. Maximum units represent the Company's TSR, ROA and ROE performance at the 80th percentile and above compared to the banks comprising the KRX for each year, resulting in a payout of 200% of the target number of performance-based RSUs. The actual percentage payout would be linearly interpolated between the 30th percentile of the TSR, ROA and ROE performance (50% payout), the 50th percentile of the TSR, ROA and ROE performance (100% payout) and the 80th percentile of the TSR, ROA and ROE performance (200% payout). TSR is weighted at 25%, ROA and ROE are weighted equally at 37.5% each.

(3) Represents RSUs that cliff vest on October 3, 2019 assuming that the employee remains employed through such date.

(4) The assumptions applied in determining the grant date fair value are the same as those set forth in footnote 1 to the Summary Compensation Table.

(5) Mr. Guyett's non-equity incentive for 2016 was prorated based on actual months of employment from his date of hire.

The table below sets forth the outstanding equity awards held by the NEOs as of December 31, 2016. There were no outstanding option awards. With the exception of Mr. Yen's outstanding restricted stock unit awards, all of the outstanding equity awards are performance-based awards with payouts that depend on the outcome of the performance criteria and the price of the Company's common stock on the award certification date. The performance-based awards have a term of three years, and will vest based on the achievement of the applicable performance criteria.

### Outstanding Equity Awards at December 31, 2016

Name	Grant Date	Stock Awards		Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares or Units of Stocks That Have Not Vested (\$) <sup>(2)</sup>
		Number of Shares or Units of Stock That Have Not Vested (#) <sup>(1)</sup>	Market Value of Shares or Units of Stocks That Have Not Vested (\$) <sup>(2)</sup>		
Dominic Ng	3/7/2014	176,391 <sup>(4)</sup>	8,965,955	-	-
	2/27/2015	114,061 <sup>(6)</sup>	5,797,721	66,751 <sup>(3) (4)</sup>	3,392,953
	3/1/2016	64,083	3,257,339	170,887 <sup>(4) (5)</sup>	8,686,186
Gregory L. Guyett	10/3/2016	-	-	27,390 <sup>(6)</sup>	1,392,234
Douglas P. Krause	3/7/2014	10,854 <sup>(4)</sup>	551,709	-	-
	2/27/2015	6,418 <sup>(6)</sup>	326,227	3,756 <sup>(3) (4)</sup>	190,917
	3/1/2016	5,608 <sup>(6)</sup>	285,055	14,954 <sup>(4) (5)</sup>	760,112
Irene H. Oh	3/7/2014	10,854 <sup>(4)</sup>	551,709	-	-
	2/27/2015	7,129 <sup>(6)</sup>	362,367	4,172 <sup>(3) (4)</sup>	212,063
	3/1/2016	5,608	285,055	14,954 <sup>(4) (5)</sup>	760,112
Andy Yen	3/7/2014	-	-	6,784 <sup>(7)</sup>	344,831
	2/27/2015	-	-	6,883 <sup>(7)</sup>	349,863
	3/1/2016	4,406	223,957	11,750 <sup>(4) (5)</sup>	597,253

(1) Represents grants of performance-based RSUs. The vesting of the performance-based RSUs is subject to meeting the three-year service condition from the grant date and pre-established performance goals in each of the three years ending December 31 of the respective fiscal year. Dividends are accrued on the performance RSUs and paid at the time of vesting.

(2) The amounts shown represent the number of shares or units shown in the column immediately to the left multiplied by the closing price on December 30, 2016 of the Company's common stock as reported on NASDAQ, which was \$50.83.

(3) This performance-based RSU granted on February 27, 2015 cliff vests on February 27, 2018, assuming that the employee remains employed through such date.

(4) Reflects the maximum potential payout, but the actual number of shares ultimately paid out may vary from the amount shown on the table, with the possibility of payout, ranging from no payout to maximum payout depending on the outcome of the performance criteria.

(5) This performance-based RSU granted on March 1, 2016 cliff vests on March 1, 2019, assuming that the employee remains employed through such date.

(6) Includes RSUs granted on October 3, 2016 that will cliff vest on October 3, 2019, assuming that the employee remains employed through such date.

(7) Includes RSUs granted on March 7, 2014 and February 27, 2015 that cliff vested or will cliff vest on March 7, 2017 and February 27, 2018, respectively, assuming that the employee remains employed through such date.

The following table summarizes, for the NEOs, the option exercises and stock awards vested during 2016. The amounts reflected below show the number of shares acquired at the time of exercise or vesting, as applicable. The amounts reported as value realized are shown on a before-tax basis:

### Option Exercises and Stock Vested in the 2016 Fiscal Year

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$) <sup>(1)</sup>
Dominic Ng	-	-	89,109	2,857,726
Gregory L. Guyett	-	-	-	-
Douglas P. Krause	-	-	7,920	253,994
Irene H. Oh	-	-	8,911	285,776
Andy Yen	-	-	6,601	211,694

(1) The amount represents the number of shares vested multiplied by the closing price of the Company's common stock on the NASDAQ on the vesting date. It excludes any reduction in value associated with the cancellation of shares for tax withholding purposes.

## Retirement Plans

We have two retirement plans. Our 401(k) Plan (the “401(k) Plan”) is a qualified retirement plan under the Code and is open to all employees of the Company and its subsidiaries with at least three months of service.

We also have a Supplemental Executive Retirement Plan (“SERP”) which was established in 2001 in order to provide supplemental retirement benefits to certain employees whose contributions to the 401(k) Plan are limited under applicable Internal Revenue Service regulations. The SERP was also intended as a retention incentive to ensure the continued employment of the officers participating in the plan.

The following table presents certain information concerning pension benefits for the NEOs under the Company’s SERP:

### Pension Benefits for the 2016 Fiscal Year

Name	Plan Name	Number of Years of Credited Service (#)	Present Value of Accumulated Benefit (\$)	Payments During Last Fiscal Year (\$)
Douglas P. Krause	Supplemental Executive Retirement Plan	20	-	2,316,215

In 2001, the Board designated certain employees as eligible to participate in the SERP. Of the NEOs, Mr. Krause was the only participant in the SERP in 2016. Benefits under the SERP include income generally payable either commencing upon a designated retirement date until age 80 or in a discounted lump sum if previously elected on or prior to December 31, 2008. The designated retirement date was the 20th anniversary of employment by the Company and early retirement after 15 years was permitted with lower benefits. When the SERP was established, the Company purchased life insurance contracts on the participants in order to finance the cost of these benefits. Due to the tax-advantaged effect of this life insurance investment, the expected return on the life insurance contracts will be approximately equal to the accrued benefits to the participants under the SERP.

Mr. Krause received a payout under the SERP of \$2,316,215 during 2016 after he reached his 20 years of service under the SERP. Benefits are no longer accruing for any NEOs under the SERP as of December 31, 2016.

Additionally, as part of the life insurance contracts purchased when the SERP was established, beneficiaries of the SERP participants would be entitled to a death benefit. Although Mr. Ng and Mr. Krause are not currently participants in the SERP, each was at the time it was established in 2001 and death benefits for their beneficiaries remain in effect. As of December 31, 2016, Mr. Ng's beneficiaries would be entitled to death benefits of \$21,580,000 and Mr. Krause's beneficiaries would be entitled to death benefits of \$7,740,000 under the SERP.

### **Employment Agreements and Potential Payments upon Termination or Change in Control**

The Bank, the Company's principal subsidiary, has entered into employment agreements with certain of the NEOs. This is intended to ensure that the Bank will be able to maintain a stable and competent management base.

### **Chief Executive Officer**

The Bank entered into an employment agreement with its CEO, Mr. Ng, in June 1998 in connection with the sale of the Bank by its prior stockholders. This employment agreement was reapproved by the Board and amended on March 1, 2016 to provide for a termination date of March 1, 2019. In addition to a base salary and bonus to be determined annually, the employment agreement provides for, among other things, use of a Company car, participation in stock benefit plans and other fringe benefits applicable to executive personnel and four weeks paid vacation per year.

In the event the Bank chooses to terminate Mr. Ng's employment for any reason other than for Cause (as defined in the employment agreement), or in the event of Mr. Ng's resignation from the Bank upon (i) failure to re-elect him to his current offices; (ii) a material change in functions, duties or responsibilities; (iii) a relocation of his principal place of employment by more than 25 miles; (iv) liquidation or dissolution of the Bank; (v) a breach of the employment agreement by the Bank; or (vi) his death or permanent disability, Mr. Ng, or, in the event of death, his beneficiary, would be entitled to receive an amount equal to the greater of (i) the remaining payments due to him and the contributions that would have been made on his behalf to any employee benefit plans of the Bank during the remaining term of the employment agreement and (ii) three times the base salary currently in effect plus three times the preceding year's bonus.

Under the assumption that Mr. Ng's employment with the Company was terminated on December 31, 2016 for any reason other than Cause, he would be entitled to receive severance payments totaling \$7,078,020. Also, if Mr. Ng's employment with the Company was terminated for any reason other than Cause, his outstanding and unvested stock options, time-based and performance-based RSUs would become fully vested. If Mr. Ng's employment with the Company was terminated for any reason other than Cause on December 31, 2016, the market value of his RSUs which



would accelerate in vesting is \$30,100,154.

## **President and Chief Operating Officer**

On October 5, 2016, the Company announced the appointment of Mr. Guyett as the President and Chief Operating Officer of the Company and its wholly owned subsidiary, the Bank, starting October 5, 2016. In connection with his appointment, Mr. Guyett and the Bank entered into an employment agreement, effective October 3, 2016 (the “Guyett Employment Agreement”). The Guyett Employment Agreement has an initial term of two years and is subject to annual renewal thereafter as may be agreed by the Bank’s Board of Directors and Mr. Guyett. The Guyett Employment Agreement provides that Mr. Guyett will receive an annual base salary of \$750,000, and will be eligible to participate in an annual performance-based cash incentive plan, with a target bonus opportunity of 100% of the annual base salary. Mr. Guyett will also be eligible to receive annual stock grants as approved by the Board of Directors.

Also, pursuant to the Guyett Employment Agreement, on October 3, 2016, Mr. Guyett received a grant of \$1,000,000 of RSUs upon his hire, granted pursuant to the Equity Plan, with a three-year cliff vesting period (the “Sign-On RSU Grant”). In addition, Mr. Guyett is also entitled to participate in all employee benefit plans and perquisite arrangements available to senior executives, relocation assistance and allowances, business expense reimbursements, and an annual car allowance of \$12,000 for business-related purposes.

The Guyett Employment Agreement also provided that Mr. Guyett would receive, in March 2017, a grant of \$2,200,000 of performance RSUs awarded pursuant to the Company’s 2016 Stock Incentive Plan (the “Equity Plan”), with a three-year cliff vesting period (the “Initial Performance RSU Grant”).

In the event of a termination of Mr. Guyett’s employment for Cause (as defined in the Guyett Employment Agreement) prior to the end of the term of the Guyett Employment Agreement, Mr. Guyett will be entitled to receive (i) all accrued but unpaid Annual Base Salary (as defined in the Guyett Employment Agreement) through the termination date, (ii) accrued but unused vacation days through the termination date and (iii) unreimbursed business expenses incurred through the termination date ((i) through (iii), the “Accrued Obligations”).

The Bank may terminate Mr. Guyett’s employment at any time for any reason or no reason at all, upon one month advance written notice. In the event of a termination of Mr. Guyett’s employment (i) by the Bank without Cause, (ii) by Mr. Guyett for Just Reason (as defined in the Guyett Employment Agreement) or (iii) if, without Mr. Guyett’s consent, (A) the Guyett Employment Agreement is not, whether initially or with respect to any subsequent renewal period, renewed or approved by the Bank’s Board of Directors (other than in connection with a for Cause event), and (B) within one month following the end of the then-current employment term, Mr. Guyett resigns from the Bank, Mr. Guyett shall be entitled to receive (1) the Accrued Obligations, (2) a single lump sum severance amount as follows (a) an amount equal to two times Mr. Guyett’s then Annual Base Salary and (b) an amount equal to the annual cash bonus payout last received by Mr. Guyett and (3) any annual bonus earned but unpaid with respect to a performance year ending on or preceding the date of termination. Under the assumption that Mr. Guyett’s employment with the

Company was terminated on December 31, 2016 for any reason other than Cause, he would be entitled to receive severance payments totaling \$1,747,500.

In addition, the Initial Performance RSU grant, the Sign-On RSU Grant and any 2018 equity award shall continue to vest according to the grant date schedules, provided that, such performance RSUs will be settled based on performance unit goal achievement, except that if Mr. Guyett's employment with the Company is terminated within two years after a Change of Control (as defined in the Guyett Employment Agreement), such performance RSUs will be settled as follows: (i) any performance RSUs for which the performance period has elapsed will continue to vest based on performance unit goal achievement, and (ii) any performance RSUs for which the performance period has not lapsed will be converted into time-based units based on the target performance level. The outstanding equity awards held by Mr. Guyett as of December 31, 2016 are disclosed in the table on page 50 of this Proxy Statement.

In the event of a termination of Mr. Guyett's employment as the result of his death or due to Disability (as defined in the Guyett Employment Agreement), Mr. Guyett or his beneficiary will be entitled to receive (i) the Accrued Obligations and (ii) any annual bonus earned but unpaid with respect to a performance year ending on or proceeding the date of termination.

The Guyett Employment Agreement also provides that if Mr. Guyett's employment terminates as a result of death or Disability, all unvested performance RSUs that have been granted prior to the date of death or Disability shall immediately vest.

### **Chief Risk Officer, General Counsel and Corporate Secretary**

The Bank entered into an employment agreement with its Chief Risk Officer, General Counsel and Corporate Secretary, Mr. Krause, in 1999. This employment agreement was reapproved by the Board of Directors and amended on March 1, 2016 to provide for a termination date of March 1, 2019. In addition to a base salary and bonus to be determined annually, the employment agreement provides for, among other things, participation in stock benefit plans and other fringe benefits applicable to executive personnel and four weeks paid vacation per year.

In the event the Bank chooses to terminate Mr. Krause's employment for any reason other than for Cause (as defined in the employment agreement), or in the event of Mr. Krause's resignation from the Bank upon (i) a material change in functions, duties or responsibilities; (ii) a relocation of principal place of his employment by more than 25 miles; (iii) liquidation or dissolution of the Bank; (iv) a breach of the employment agreement by the Bank; or (v) his death or permanent disability, Mr. Krause, or, in the event of death, his beneficiary, would be entitled to receive an amount equal to the greater of (x) the remaining payments due to him and the contributions that would have been made on his behalf to any employee benefit plans of the Bank during the remaining term of the employment agreement and (y) three times the base salary currently in effect plus three times the preceding year's bonus.

Under the assumption that Mr. Krause's employment with the Company was terminated on December 31, 2016, for any reason other than Cause, he would be entitled to receive severance payments totaling \$2,305,284. Also, if Mr. Krause's employment with the Company was terminated for any reason other than Cause, his outstanding and unvested stock options, time-based and performance-based RSUs would become fully vested. If Mr. Krause's employment with the Company was terminated for any reason other than Cause on December 31, 2016, the market value of his RSUs which would accelerate in vesting is \$2,114,020.

There is no employment contract with Mr. Krause that provides for any payments or early vesting of any stock options, or any RSUs upon a change of control.

### **Chief Financial Officer**

On December 21, 2016, the Bank entered into an Executive Employment Agreement (the "Oh Employment Agreement") with its Chief Financial Officer, Ms. Oh. The Oh Employment Agreement, effective as of December 21, 2016, has an initial term of two years and is subject to annual renewal thereafter as may be agreed by the Bank's Board of Directors and Ms. Oh.

The Oh Employment Agreement provides that Ms. Oh will receive an Annual Base Salary of \$430,000, subject to periodic review and increase, and will be eligible to participate in an annual performance-based cash incentive plan, with a target bonus opportunity of 60% of the annual base salary. However, any actual bonus for any given year will be determined and paid in accordance with the Bank's annual bonus plan arrangements applicable to senior executives generally. Ms. Oh will also be eligible to receive annual stock grants as approved by the Board of Directors. In addition, Ms. Oh will be entitled to participate in all employee benefit plans and perquisite arrangements available to senior executives of the Bank and shall receive reimbursement of reasonable business expenses. Ms. Oh's employment with the Bank may be terminated by the Bank with or without Cause (as defined in the Oh Employment Agreement), in the event of disability (as defined in the Oh Employment Agreement) or death.

In the event Ms. Oh's employment is terminated for Cause, the Bank shall pay to Ms. Oh (1) all accrued but unpaid Annual Base Salary through the termination date, (2) accrued but unused vacation days through the termination date, and (3) unreimbursed business expenses incurred through the termination date, subject to any other rights or remedies of the Bank under law (collectively, the "Accrued Obligations"). The Bank shall provide Ms. Oh with at least ten (10) business days written notice of its intent to terminate her employment for Cause.

The Bank may terminate Ms. Oh's employment with the Bank at any time without Cause, for any reason or no reason at all, upon one month advance written notice. In addition, it shall be considered termination without Cause by the Bank if (1) Ms. Oh terminates her employment for Just Reason (as defined in the Oh Employment Agreement) or if (2) without Ms. Oh's consent, (a) the Oh Employment Agreement is not, whether initially or with respect to any subsequent renewal period, renewed or approved by the Bank's Board of Directors (other than in connection with a for Cause event), and (b) within one month following the end of the then-current employment term, Ms. Oh resigns from the Bank.

In the event of a termination of Ms. Oh's employment by the Bank without Cause, and contingent upon Ms. Oh's execution and non-revocation of a general release of claims, the Bank shall pay to Ms. Oh the following: (1) the Accrued Obligations; (2) a single lump sum amount (Severance Pay as defined in the Oh Employment Agreement) consisting of an amount equal to two times of Ms. Oh's then annual base salary and an amount equal to the annual cash bonus payout last received by Ms. Oh; and (3) any annual bonus earned but unpaid with respect to a performance year ending on or preceding the date of termination. Under the assumption that Ms. Oh's employment with the Company was terminated on December 31, 2016 for any reason other than Cause, she would be entitled to receive severance payments totaling \$1,261,865.

In addition, any equity awards would continue to vest according to the grant date schedules, provided that, performance RSUs will be settled based on performance unit goal achievement, except that if such termination of employment occurs within two (2) years after a Change of Control (as defined in the Oh Employment Agreement), any performance RSUs will be settled as follows: (1) any RSUs for which the performance period has elapsed will continue to vest based on performance unit goal achievement, and (2) any RSUs for which the performance period has not lapsed will be converted into time-based units based on the target performance level. The outstanding equity awards held by Ms. Oh as of December 31, 2016 are disclosed in the table on page 50 of this Proxy Statement.

In the event of a termination of Ms. Oh's employment as the result of her death or due to Disability (as defined in the Oh Employment Agreement), Ms. Oh or her beneficiary will be entitled to receive (1) the Accrued Obligations and (2) any annual bonus earned but unpaid with respect to a performance year ending on or preceding the date of termination. The Oh Employment Agreement also provides that if Ms. Oh's employment terminates as a result of death or Disability, all unvested performance RSUs that have been granted prior to the date of death or Disability shall immediately vest.

#### **Head of International and Commercial Banking**

The Bank entered into an employment agreement with its Head of International and Commercial Banking, Mr. Yen, in 2005. In addition to a base salary and bonus to be determined annually, the employment agreement provides for, among other things, an automobile allowance of not less than \$850 per month, participation in stock benefit plans and other fringe benefits applicable to executive personnel and four weeks paid vacation per year.

In the event the Bank chooses to terminate Mr. Yen's employment for any reason other than for cause, he will receive a severance payment of six month's base salary. In addition, the employment contract with Mr. Yen provides for severance of two times current salary if he is terminated within 12 months of a change of control or if he resigns within 12 months of a change of control upon (i) reduction in his base salary, or automobile allowance, (ii) a material reduction in his duties; or (iii) a relocation of principal place of his employment by more than 35 miles.

Under the assumption that Mr. Yen's employment with the Company was terminated on December 31, 2016, for any reason other than cause, he would be entitled to receive severance payments totaling \$200,000. There is no employment contract with Mr. Yen that provides for any payments or early vesting of any stock options, or any RSUs upon a change of control.

#### **Compensation Committee Interlocks and Insider Participation**

None of the members of the Compensation Committee is, or ever has been, an officer or employee of the Company or any of its subsidiaries.

Except as provided herein, there are no existing or proposed material transactions between the Company or the Bank and any of its executive officers, directors, or the immediate family or associates of any of the foregoing persons.

## **PROPOSAL 2: ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION**

### **Proposal Snapshot**

#### **What am I voting on?**

Stockholders are being asked, as required by Section 14A of the Exchange Act, to approve, on an advisory basis, the compensation of the Named Executive Officers for 2016 as described in the Compensation Discussion and Analysis section beginning on page 28 and the Compensation Tables section beginning on page 48.

#### **Voting recommendation:**

**FOR the advisory vote to approve executive compensation.** The Compensation Committee takes very seriously its stewardship responsibility to oversee the Company's compensation programs and values thoughtful input from stockholders. The Compensation Committee will take into account the outcome of the advisory vote when considering future executive compensation decisions.

This proposal, commonly known as a "Say-on-Pay" proposal, gives our stockholders the opportunity to express their views on our NEO compensation as a whole. This vote is not intended to address any specific item of compensation or any specific NEO, but rather the overall compensation of all of our NEOs and the philosophy, policies and practices described in this Proxy Statement. We currently hold our Say-on-Pay vote every year.

We believe that the information provided in "Compensation Discussion and Analysis" beginning on page 28 demonstrates that our executive compensation program was designed appropriately and is working to ensure management's interests are aligned with our stockholders' interests to support long-term value creation. The sustained success of the Company's bridge banking model between East and West is reflected in the following key metrics:

- **Seventh Consecutive Year of Record Earnings:** Our full year 2016 net income was \$431.7 million, which grew by 12% year-over-year from \$384.7 million in 2015. Our diluted earnings per share ("EPS") for the full year of 2016 were \$2.97, which is an increase of \$0.31 or 12% from \$2.66 in 2015.



- **Strong Financial Performance:** Our full year 2016 return on assets of 1.3% and return of equity of 13.1% were in the top 10% of publicly traded banks in the United States.<sup>8</sup>
- **Among Best Banks in America:** Ranked in the Top 15 of the 100 Best Banks in America by Forbes for six consecutive years (2010-2017).<sup>9</sup>
- **Record Assets:** Total assets grew 8% year over year, to reach a record \$34.8 billion as of December 31, 2016.
- **Record Loans:** Total loans grew \$1.8 billion, or 8%, to a record \$25.5 billion as of December 31, 2016, from \$23.7 billion as of December 31, 2015.
- **Record Deposits:** Total deposits grew \$2.4 billion, or 9%, to a record \$29.9 billion as of December 31, 2016, from \$27.5 billion as of December 31, 2015.

Accordingly, we ask our stockholders to vote “FOR” the following resolution at the Annual Meeting:

**“RESOLVED, that the stockholders hereby approve, on an advisory basis, the compensation of our named executive officers as reflected in this Proxy Statement and as disclosed pursuant to Item 402 of Regulation S-K, which disclosure includes the compensation discussion and analysis, the compensation tables, narratives and all related material.”**

Because your vote is advisory, it will not be binding upon the Board. However, the Board and the Compensation Committee will consider the vote results when evaluating our compensation policies and practices in the future. Currently, we expect to hold an advisory vote on the compensation paid to our NEOs each year and expect that the next such vote will occur at our 2018 annual stockholder meeting.

<sup>8</sup> Source: SNL Financial L.C.

<sup>9</sup> Forbes article dated January 10, 2017.



### **PROPOSAL 3: ADVISORY VOTE ON FREQUENCY OF STOCKHOLDER “SAY ON PAY”**

#### **Proposal Snapshot**

##### **What am I voting on?**

Every six years, stockholders must decide whether advisory votes on the Company’s executive compensation should be held every one, two or three years.

##### **Voting recommendation:**

**FOR holding an advisory vote on executive compensation every “ONE” year.**

Section 14A of the Securities Exchange Act requires us to submit a non-binding, advisory proposal to stockholders at least once every six years to determine whether advisory votes on executive compensation should be held every one, two or three years. In satisfaction of this requirement, stockholders are asked to vote, on an advisory basis, on the following resolution:

**“RESOLVED, that the stockholders determine that an advisory vote on executive compensation should be held every one, two or three years, as reflected by their votes.”**

When voting on this proposal, you should indicate your preference as whether the Company’s executive compensation should be reviewed by the stockholders of the Company every “One,” “Two,” or “Three” years. If you have no preference, you should “Abstain.” The option of one year, two years or three years, which receives the greatest number of votes present in person or by proxy and entitled to vote at the Annual Meeting will be deemed to be the recommendation of the stockholders.

In 2011, our stockholders voted in accordance with the Board’s recommendation to review and approve executive compensation every year. Accordingly, for the past six years, the Company has held an advisory “say on pay” vote

every year. The Board believes holding an advisory “say on pay” vote every year has worked well for the Company, as it has allowed the Board and the Compensation Committee the opportunity to evaluate individual compensation decisions each year in light of timely, ongoing feedback from stockholders. It is also consistent with the Company’s efforts to engage in an ongoing dialogue with stockholders about corporate governance and executive compensation. Upon careful consideration, the Board of Directors recommends that stockholders continue to hold an advisory vote on executive compensation every year.

As this is a non-binding, advisory vote, the result is not be binding on us. However, we value your opinion on this matter and

will take the result of this non-binding, advisory vote into account when making a determination as to the frequency of future say-on-pay votes.

**APPROVAL OF PERFORMANCE-BASED BONUS PLAN**

**PROPOSAL 4: APPROVAL OF THE EAST WEST BANCORP, INC. 2017 PERFORMANCE-BASED BONUS PLAN, AS AMENDED**

**Proposal Snapshot**

**· What am I voting on?**

The Board has adopted, and proposes that our stockholders approve, the East West Bancorp, Inc. 2017 Performance-Based Bonus Plan, as amended (the “Amended Bonus Plan”). The Amended Bonus Plan was established to enable the Company and its subsidiaries to attract, retain and motivate employees whose decisions and actions may significantly affect the growth, profitability and efficient operation of the Company. In accordance with federal law, the Company’s Amended Bonus Plan must be re-approved by stockholders at least every five (5) years in order for bonuses payable to employees covered by the Amended Bonus Plan to remain fully deductible for federal tax purposes. The Board and Compensation Committee believe that the Amended Bonus Plan has been integral to the Company’s success in the past and is vital to its ability to achieve strong performance in the future.

**· Voting recommendation:**

**FOR approval of the Amended Bonus Plan.**

**Overview of 2017 Performance-Based Bonus Plan**

The Compensation Committee, subject to approval of the Company’s stockholders, has adopted an amendment to the Company’s Performance-Based Bonus Plan (as amended, the “Amended Bonus Plan”) to add additional permissible metrics for the establishment of performance goals as described below, to make certain conforming changes consistent with Internal Revenue Code requirements, and to align definitions in the Amended Bonus Plan with those used in the Company’s 2016 Stock Incentive Plan approved by stockholders last year.

The Compensation Committee has approved and adopted the Amended Bonus Plan, effective upon stockholder approval. The purpose of the Amended Bonus Plan is to promote the interests of the Company by providing incentives for participating executive officers who contribute to the improvement of the operating results of the Company and to reward outstanding performance on the part of those individuals whose decisions and actions most significantly affect the growth, profitability and efficient operation of the Company.

In addition, the Compensation Committee, which is responsible for setting compensation philosophy and administering executive compensation programs, has determined that the interests of stockholders are best served when a significant percentage of executives' compensation is at risk each year. This means that executives' receipt of bonus compensation depends upon the Company's financial results.

The Board of Directors has determined that it is in the best interests of the Company to submit the material terms of the Amended Bonus Plan to the Company's stockholders for approval so that compensation paid under the Amended Bonus Plan generally will qualify as "performance-based compensation" under Section 162(m) of the Internal Revenue Code of 1986, as amended. Code Section 162(m) places a limit of \$1 million on the amount of compensation that may be deducted by the Company in any taxable year with respect to each "covered employee" within the meaning of Section 162(m). However, "performance-based compensation" within the meaning of Section 162(m) is not subject to the deduction limit. The Amended Bonus Plan is designed to generally provide "performance-based compensation" to each participant. Because bonuses are paid under the Amended Bonus Plan only if the Company's financial or other results meet or exceed certain quantifiable performance goals established by the Compensation Committee, the Company may generally deduct such bonuses for federal income tax purposes even if the bonus payments, together with salary, paid to an executive in any one year may exceed \$1 million.

The Amended Bonus Plan is being submitted to the Company's stockholders for approval so that generally bonuses payable to covered employees under the Amended Bonus Plan are fully deductible for federal income tax purposes. The Company's stockholders must approve the Amended Bonus Plan before any bonuses will be paid under the Amended Bonus Plan. If stockholders do not vote in favor of this proposal, the Amended Bonus Plan will not be implemented and no payments will be made to any of the Company's executives under the Amended Bonus Plan. **If the Amended Bonus Plan is not approved, the Company may not be able to deduct part of the annual compensation that may be paid to Company executives under other plans or arrangements that may exist or may be implemented.**

The original bonus plan was approved by the Company's stockholders in 2002, and amended versions were approved in 2007 and 2012. Under Code Section 162(m), the Amended Bonus Plan must be re-approved at least every 5 years and so it must be re-approved this year in order that bonuses payable to covered employees remain fully deductible for federal tax purposes. In addition, the Board of Directors desires to amend the performance goals under the plan by adding certain performance criteria as listed below under "Bonus Determination."

The following is a description of the material terms of the Amended Bonus Plan including its performance goals. A copy of the Amended Bonus Plan is set forth as Exhibit A to this Proxy Statement. The description below is not intended to be complete and reference should be made to the Amended Bonus Plan as it is proposed for a complete statement of its terms and provisions.

### **Eligibility and Purposes**

All executive officers of East West Bancorp and its subsidiaries are eligible to participate under the terms of the Amended Bonus Plan. It is currently expected that approximately five (5) employees will be eligible to participate in the Amended Bonus Plan. However, the Amended Bonus Plan clarifies that no Executive Officer shall have the right to participate in the Amended Bonus Plan and participation in the Amended Bonus Plan in any one Plan Year (as defined in the Amended Bonus Plan) does not entitle an individual to participate in future Plan Years. The Amended Bonus Plan is intended to provide annual incentive awards for eligible participants in the form of cash, stock, restricted stock (or any combination of the foregoing), in order to enable the Company to attract and retain highly qualified employees.

### **Administration**

The Amended Bonus Plan will be administered by a Compensation Committee which consists solely of two or more members of the Board of Directors who are intended to qualify as "outside directors" within the meaning of Code Section 162(m).

### **Summary of Plan Features**

### **Bonus Determinations**

Bonus awards are awards the payment or vesting of which is contingent upon the achievement of specified levels of performance under performance criteria during a performance period. The Amended Bonus Plan provides that for each Plan Year, the Compensation Committee will establish in writing Company performance goals for the Plan Year (in no event, later than the 90th day of the Plan Year in question, or, if earlier, no later than after 25% of the Plan Year has elapsed) which will be based on one or more of the following performance measures: total stockholder return; return on stockholder equity; return on assets; ratio of non-performing assets to total assets; earnings per share; deposits; demand deposits, loans; commercial business loans; trade finance loans; non-interest income; expenses; stock price; revenue or revenue growth; operating income (before or after taxes); pre- or after-tax income; net income (before or after taxes); return on equity or return on average equity; return on average assets; appreciation in and/or maintenance of the price of the Common Stock or any other publicly-traded securities of the Company; market capitalization; market share; economic value-added models or equivalent metrics; comparisons with various stock market indices; ratio of non-performing assets to total assets; capital ratios; cost of deposits; cost of funds; classified asset levels; ratio of classified assets to Tier 1 Risk based capital; loan diversification measurements; reduction of loan concentrations; internal strategic initiatives, efficiency ratio; reductions in costs; improvement in or attainment of expense levels; stockholders equity; operating efficiencies; regulatory achievements; financial ratios, including those measuring liquidity, activity, profitability or leverage; financing and other capital raising transactions (including sales of the Company's equity or debt securities) ("Performance Criteria").

Such performance goals also may be based solely by reference to the Company's performance or the performance of a Subsidiary, division, business segment or business unit of the Company, or based upon the relative performance of other companies or upon comparisons of any of the indicators of performance relative to other companies. In establishing performance criteria, the Compensation Committee may elect to adjust the performance criteria to include or exclude changes in accounting principles.

For each Plan Year (in no event later than the 90th day of the Plan Year, or, if earlier, no later than after 25% of the Plan Year has elapsed), the Compensation Committee will establish a bonus range for each executive officer participating in the Amended Bonus Plan, including the amount within the range that will be payable based upon the achievement of the performance criteria, and the forms in which payment of such bonus may be made, whether in cash, stock, or restricted stock, or a combination thereof. Within 2 ½ months following the end of the calendar year in which the Plan Year ends, the Compensation Committee will assess and certify in writing the extent to which the Company has achieved the performance goals for the preceding Plan Year. No payments of amounts intended to be performance based compensation under Code Section 162(m) are payable unless, and to the extent, the underlying performance goals were achieved. In addition, the Compensation Committee may establish a multi-year bonus award that is based on achieving performance metrics over a period of more than one year. The Compensation Committee shall then determine each participant's bonus award under the Plan based solely upon the Company's achievement of the performance goals. A participant's bonus cannot be increased. The Compensation Committee, however, may, depending upon the terms of the award, retain the discretion to reduce the amount of any award that would otherwise be payable to a participant based solely upon the achievement of the performance goals. No participant is eligible to receive bonus awards under the Amended Bonus Plan in excess of \$10 million with respect to any calendar year in the performance period. The Board of Directors or the Compensation Committee may award bonuses outside the Amended Bonus Plan based on subjective or other criteria.



Unless otherwise provided, no Participant will be eligible to receive a Bonus Award (as defined in the Amended Bonus Plan) for a Plan Year prior to the end of the Plan Year except for termination following a change of control. For a change of control during the fiscal year, an established prorated Bonus Range (as defined in the Amended Bonus Plan) for Participants (as defined in the Amended Bonus Plan) based on the number of full and partial months after January 1 up to the date of change in control measured at target or, if higher, actual performance, will be awarded. “Change in Control” shall have the same meaning as defined in the East West Bancorp, Inc. 2016 Stock Incentive Plan.

Participants may elect to defer payment of Bonus Awards for any Plan Year in accordance with any deferred compensation plan of the Company that is in effect on the first day of the Plan Year.

### **Amendment or Termination**

The Compensation Committee may amend or terminate the Amended Bonus Plan at any time, subject to Board approval. No amendment which requires stockholder approval to maintain the Amended Bonus Plan’s compliance with Code Section 162(m) will be effective unless the necessary stockholder approval is received.

### **New Plan Benefits**

The actual amount of compensation to be paid to participants under the Amended Bonus Plan is not determinable in advance because it is substantially uncertain whether the minimum levels of performance necessary to achieve any level of incentive award under the Amended Bonus Plan, and what levels of performance, will be realized. Additionally, the Compensation Committee has retained discretion to reduce or eliminate the incentive awards payable to any participant under the Amended Bonus Plan.

The following table sets forth the amount of awards that were received by each of the following individuals and groups for the last completed fiscal year, and which would have been paid under the Amended Bonus Plan, if it had been in effect:

Name	Position	Dollar value (\$):
Dominic Ng	Chairman and Chief Executive Officer	\$ 1,320,000
Gregory L. Guyett	President and Chief Operating Officer	247,500
Douglas P. Krause		250,088

Edgar Filing: EAST WEST BANCORP INC - Form DEF 14A

	Executive Vice President, Chief Risk Officer, General Counsel and Corporate Secretary	
Irene H. Oh	Executive Vice President and Chief Financial Officer	281,865
Andy Yen	Executive Vice President, Head of International and Commercial Banking	192,000
<b>All Executive Officers</b>		
<b>as a Group (5 persons)</b>		<b>\$2,291,453</b>

### **Federal Income Tax Consequences of Participation**

Under present federal income tax regulations, participants will realize ordinary income equal to the amount of the award received in the year of receipt. The amount received will be the amount of cash received and the fair market value of any unrestricted stock received. The Company will receive a tax deduction for the amount constituting ordinary income to the participant, provided that the Amended Bonus Plan satisfies the requirements of Code Section 162(m), which limits the deductibility of nonperformance-related compensation paid to certain corporate executives. It is the Company's intention that the Amended Bonus Plan be construed and administered in a manner that maximizes the deductibility of compensation for the Company under Code Section 162(m). The regulations under Section 162(m) require that stockholders approve the material terms of the Company's Amended Bonus Plan every five years in order to maintain its status as a performance-based plan.

Because of ambiguities and uncertainties as to the application and interpretation of Code Section 162(m) and the regulations

issued thereunder, no assurance can be given, notwithstanding the Company's efforts, that compensation intended by the Company to satisfy the requirements for deductibility under Code Section 162(m) does in fact do so.

Approval of the Amended Bonus Plan requires the affirmative vote of the holders of a majority of the outstanding shares of Company stock present in person or represented by proxy and entitled to vote at the Annual Meeting.

**The Board of Directors unanimously recommends a vote FOR the approval of the East West Bancorp, Inc. 2017 Performance-Based Bonus Plan, as amended. Proxies solicited by the Board of Directors will be so voted unless stockholders specify otherwise in their proxies.**

**RATIFICATION OF AUDITORS**

**PROPOSAL 5: RATIFICATION OF AUDITORS**

**Proposal Snapshot**

**What am I voting on?**

Stockholders are being asked to ratify the appointment of KPMG LLP, a registered public accounting firm, to serve as the Company's Independent Auditors for the fiscal year ending December 31, 2017. Although the Audit Committee has the sole authority to appoint the independent auditors, as a matter of good corporate governance, the Board submits its selection of the independent auditors to our stockholders for ratification. If the stockholders should not ratify the appointment of KPMG LLP, the Audit Committee will reconsider the appointment.

**Voting recommendation:**

**FOR the ratification of the appointment of KPMG LLP as independent auditors.**

KPMG LLP has been approved by the Audit Committee of the Company to be the independent auditors of the Company for the 2017 fiscal year. The stockholders are being asked to ratify the selection of KPMG LLP. If the stockholders do not ratify such selection by the affirmative vote of a majority of the votes cast, the Audit Committee will reconsider its selection. Under applicable SEC regulations, the selection of the independent auditors is solely the responsibility of the Audit Committee.

Representatives from the firm of KPMG LLP will be present at the Annual Meeting to respond to stockholders' questions and will be given the opportunity to make a statement if they desire to do so.

**Audit Fees, Audit Related Fees, Tax Fees and All Other Fees**

The following table presents information regarding the aggregate fees billed for services rendered by KPMG LLP for the fiscal years ended December 31, 2016 and 2015, respectively.

	2016	2015
Audit Fees <sup>(a)</sup>	\$2,742,947	\$2,638,000
Audit-Related Fees <sup>(b)</sup>	24,495	43,000
Tax Fees <sup>(c)</sup>	7,500	-
All Other Fees <sup>(d)</sup>	12,000	23,000
	\$2,796,952	\$2,704,000

Audit fees consist of fees for professional services rendered by KPMG for the audit of the Company's consolidated financial statements in the Form 10-K and review of consolidated financial statements included in the Form 10-Qs, including services normally provided by an accountant in connection with statutory and regulatory filings or engagements.

(a) Audit-related fees consist of fees for certain professional services provided by KPMG Hong Kong in connection with the review of regulatory filings for the Bank's Hong Kong branch.

(b) Tax fees include fees for tax compliance, planning and advisory services.

(c) All other fees include fees for continuing professional education services.

**Audit Committee Policy on Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm**

Consistent with SEC rules regarding auditor independence, the Audit Committee is responsible for appointing, setting fees for and overseeing the work of our independent registered public accounting firm. In recognition of this responsibility and in accordance with the Exchange Act, it is the policy of the Audit Committee to pre-approve all permissible services provided by our independent registered public accounting firm, except for minor audit-related engagements which in the aggregate do not exceed 5% of the fees we pay to our independent registered public accounting firm during a fiscal year.

Each year, prior to engaging our independent registered public accounting firm, management submits to the Audit Committee for approval a list of services expected to be provided during that fiscal year within each of the three categories of services described below, as well as related estimated fees, which are generally based on time and materials.

Audit services include audit work performed on the financial statements, as well as work that generally only the independent registered public accounting firm can reasonably be expected to provide, including comfort letters and discussions surrounding the proper application of financial accounting and/or reporting standards.

Audit-related services include assurance and related services that are traditionally performed by the independent registered public accounting firm, including due diligence related to mergers and acquisitions, statutory audits, employee benefit plan audits and special procedures required to meet certain regulatory requirements.

Tax services include compliance and other non-advisory services performed by the independent registered public accounting firm when it is most efficient and effective to use such firm as the tax service provider.

As appropriate, the Audit Committee then pre-approves the services and the related estimated fees. The Audit Committee requires our independent registered public accounting firm and management to report actual fees versus the estimate periodically throughout the year by category of service. During the year, circumstances may arise when it becomes necessary to engage our independent registered public accounting firm for additional services not contemplated in the initial annual proposal. In those instances, the Audit Committee pre-approves the additional services and related fees before engaging our independent registered public accounting firm to provide the additional services.

**Report by Audit Committee**

*The following Report by Audit Committee is not deemed to be “soliciting material” or to be “filed” with the SEC or subject to the SEC’s proxy rules or the liabilities of Section 18 of the Exchange Act and the report shall not be deemed to be incorporated by reference into any prior or subsequent filing by the Company under the Securities Act or the Exchange Act, except to the extent the Company specifically incorporates this Report by Audit Committee therein.*

The Audit Committee operates pursuant to a written charter most recently adopted by the Company’s Board on February 16, 2017. The Company’s Audit Committee Charter is available through the Company’s website at [www.eastwestbank.com](http://www.eastwestbank.com) by clicking on Investor Relations — Corporate Information — Committee Charting. The Audit Committee held four meetings during the fiscal year ended December 31, 2016. In addition, the Audit Committee held one joint session with the Risk Oversight Committee in 2016. These meetings were attended by all members of the Audit Committee. The meetings of the Audit Committee are designed to facilitate and encourage communication among the Audit Committee, the Company, the Company’s internal audit function and the Company’s independent auditor.

The Audit Committee recognizes the importance of maintaining the independence of the Company’s independent auditor, both in fact and appearance. Each year, the Audit Committee evaluates the qualifications, performance and independence of the Company’s independent auditor and determines whether to re-engage the current independent auditor. In doing so, the Audit Committee considers the quality and efficiency of the services provided by the independent auditor, and the independent auditor’s capabilities, technical expertise and knowledge of the Company’s operations and industry.

Based on this evaluation, the Audit Committee has retained KPMG LLP as the Company's independent auditor for the 2017 fiscal year. The members of the Audit Committee and the Board believe that, due to KPMG LLP's knowledge of the Company and of the industries in which the Company operates, it is in the best interests of the Company and its shareholders to continue retention of KPMG LLP to serve as the Company's independent auditor. Although the Audit Committee has the sole authority to appoint independent auditors, the Audit Committee will continue to recommend that the Board ask the shareholders, at the Annual Meeting, to ratify the appointment of the independent auditor.

In performing its function, the Audit Committee has among other tasks:

· reviewed and discussed the audited financial statements of the Company as of and for the year ended December 31, 2016 with management and with the independent registered public accounting firm;

· discussed with the Company's independent registered public accounting firm the matters required to be discussed under Public Company Accounting Oversight Board ("PCAOB") Auditing Standard No. 1301, Communications with Audit Committees; and

· received from the independent registered public accounting firm written disclosures regarding the auditors' independence required by PCAOB Ethics and Independence Rule 3526, Communication with Audit Committees Concerning Independence, and discussed with the independent registered public accounting firm, their independence.

Based on the foregoing review and discussions, the Audit Committee recommended to the Board that the Company's audited financial statements be included in its Annual Report on Form 10-K for the year ended December 31, 2016, for filing with the SEC.

#### THE AUDIT COMMITTEE

Lester Sussman, Chairman  
Molly Campbell  
Rudolph I. Estrada  
Keith Renken



**OTHER INFORMATION****Stock Ownership of Principal Stockholders, Directors and Management**

The following table presents the beneficial ownership of the Company's Common Stock as of March 29, 2017, by (i) each person or entity known to the Company to beneficially own more than 5% of the outstanding Common Stock, (ii) the directors and director nominees, (iii) the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), and the three highest compensated executive officers whose total annual compensation in 2016 exceeded \$100,000, and (iv) all directors and executives, as a group:

Name and Address of Beneficial Owner	<b>Common Stock</b>	<b>Percent</b>	
	<b>Number of Shares Beneficially Owned</b>	<b>of</b>	<b>Class</b>
<i>5% Holders</i>			
BlackRock, Inc. <sup>(1)</sup> 55 East 52nd Street New York, NY 10055	11,290,118	7.8	%
Vanguard Group, Inc. <sup>(2)</sup> 100 Vanguard Boulevard Malvern, PA 19355	11,274,193	7.8	%
Capital Research Global Investors <sup>(3)</sup> 333 South Hope Street 55th Floor Los Angeles, CA 90071	9,699,085	6.7	%
<i>Directors and Executive Officers</i> <sup>(4)</sup>			
Molly Campbell	4,493		*
Iris S. Chan	20,171		*
Rudolph I. Estrada	15,261		*
Gregory L. Guyett	-		*
Paul H. Irving	20,007		*
Douglas P. Krause	51,761		*
John M. Lee	316,528		*
Herman Y. Li	52,000		*
Jack C. Liu	24,792		*
Dominic Ng <sup>(5)</sup>	602,496		*
Irene H. Oh	45,035		*
Keith W. Renken <sup>(6)</sup>	77,153		*
Lester M. Sussman	6,416		*

Andy Yen	40,438	*
All Directors and Executive Officers, as a group (14 persons)	1,279,554	*

\* Less than 1%.

(1) Represents shares of the Company's common stock beneficially owned as of December 31, 2016, based on the Schedule 13G/A filed by BlackRock, Inc. on January 23, 2017. According to the Schedule 13G/A, BlackRock, Inc. has sole voting power with respect to 10,723,632 shares and sole dispositive power with respect to 11,290,118 shares of the Company's common stock.

(2) Represents shares of the Company's common stock beneficially owned as of December 31, 2016, based on the Schedule 13G/A filed by Vanguard Group, Inc. on February 9, 2017. According to the Schedule 13G/A, Vanguard Group, Inc. has sole voting power with respect to 86,180 shares, shared voting power with respect to 15,211 shares, sole dispositive power with respect to 11,180,319 shares and shared dispositive power with respect to 93,874 shares of the Company's common stock.

(3) Represents shares of the Company's common stock beneficially owned as of December 31, 2016, based on the Schedule 13G filed by Capital Research Global Investors, a division of Capital Research and Management Company ("CRMC"), on February 13, 2017. According to the Schedule 13G, Capital Research Global Investors has sole voting power with respect to 9,699,085 shares and sole dispositive power with respect to 9,699,085 shares of the Company's common stock as a result of CRMC acting as investment adviser to various investment companies registered under Section 8 of the Investment Company Act of 1940.

(4) Excludes time-based or performance-based restricted stock units ("RSUs") that were not vested as of March 29, 2017. There were no time-based or performance based RSUs that are expected to vest within 60 days from March 29, 2017.

(5) 53,000 of these shares are held in two trusts, for the benefit of family members, for which Mr. Ng has voting and investment power.

(6) 32,000 of these shares are owned by a partnership for which Mr. Renken, as a partner, has voting and investment power.

### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires that the Company's directors, executive officers and any persons holding more than ten percent of a registered class of the Company's equity securities file with the SEC and each exchange on which the Common Stock is publicly listed, initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities of the Company. Directors, officers and stockholders holding greater than ten percent are required by the SEC's regulations to furnish the Company with copies of all Section 16(a) forms they file. Based solely on a review of copies of reports on Forms 3, 4, and 5 provided during the fiscal year ended December 31, 2016, the Company believes that all persons subject to the reporting requirements of Section 16(a) filed all required reports on a timely basis, except for one Form 5 disclosing a bona fide gift of Company stock made by Mr. Renken that was filed late.

### **Proposals of Stockholders**

Proposals of stockholders intended to be included in the proxy materials for the 2018 annual meeting of stockholders must be received by the Secretary of East West Bancorp, Inc. 135 N. Los Robles Avenue, 7th Floor, Pasadena, California 91101 by December 22, 2017 (120 days prior to the anniversary of this year's April 21, 2017 mailing date).

Under Rule 14a-8 adopted by the SEC under the Exchange Act, proposals of stockholders must conform to certain requirements as to form and may be omitted from the Proxy Statement and proxy under certain circumstances. In order to avoid unnecessary expenditures of time and money by stockholders and by the Company, stockholders are urged to review this rule and, if questions arise, to consult legal counsel prior to submitting a proposal.

SEC rules also establish a different deadline for submission of stockholder proposals that are not intended to be included in the Company's Proxy Statement with respect to discretionary voting (the "Discretionary Vote Deadline"). The Discretionary Vote Deadline for the 2018 Annual Meeting of stockholders is March 7, 2018 (45 calendar days prior to the anniversary of the mailing date of this Proxy Statement). If a stockholder gives notice of such a proposal after the Discretionary Vote Deadline, Proxy holders will be allowed to use their discretionary voting authority to vote against the stockholder proposal without discussion when and if the proposal is raised at the 2018 annual meeting of stockholders.

The Company has not been notified by any stockholder of his or her intent to present a stockholder proposal from the floor at the Annual Meeting. The enclosed Proxy grants the Proxy holders discretionary authority to vote on any matter properly brought before the Annual Meeting.

**Annual Report on Form 10-K**

Our financial statements for the fiscal year ended December 31, 2016 are included in our Annual Report on Form 10-K, which was filed with the SEC and which we will make available to stockholders at the same time as this Proxy Statement. Our annual report and this Proxy Statement are posted on our website at [www.eastwestbank.com](http://www.eastwestbank.com) and are available from the SEC at its website at [www.sec.gov](http://www.sec.gov). You may also obtain a copy of our annual report without charge by sending a written request to Investor Relations, East West Bancorp, Inc., 135 N. Los Robles Avenue, 7th Floor, Pasadena, California 91101. The Company's annual report on Form 10-K for the fiscal year ended December 31, 2016 will be mailed to all stockholders. The annual report on Form 10-K includes financial statements required to be filed with the SEC pursuant to the Exchange Act for the fiscal year ended December 31, 2016, and the report thereon of KPMG LLP, the Company's independent registered public accounting firm.

**Other Business**

Management knows of no business, which will be presented for consideration at the Annual Meeting other than as stated in the Notice of Meeting. If, however, other matters are properly brought before the Annual Meeting, it is the intention of the Proxy holders to vote the shares represented thereby on such matters in accordance with the recommendation of the Board and authority to do so is included in the Proxy.

**EAST WEST BANCORP, INC.**

/s/ DOUGLAS P. KRAUSE  
DOUGLAS P. KRAUSE  
*Corporate Secretary*  
Pasadena, California  
April 17, 2017

**EXHIBIT A**

**(East West Bancorp, Inc. 2017 Performance-Based Bonus Plan, as Amended)**

68

**EAST WEST BANCORP, INC.**  
**2017 PERFORMANCE-BASED BONUS PLAN, AS AMENDED**

This Performance-Based Bonus Plan (“Plan”) of East West Bancorp, Inc. (“East West”) and its subsidiaries (collectively, the “Company”) is adopted for the purposes of providing objective compensation programs for executive officers of East West and its subsidiaries. The Plan is intended to comply with the requirements of Section 162(m)(4)(C) of the Internal Revenue Code of 1986, as amended (“IRC”), and the related income tax regulations issued thereunder. The Plan as amended hereby shall be effective upon approval by the Company’s stockholders.

1. Eligibility

Each Executive Officer of the Company is eligible to participate in the Plan if the executive officer’s participation for a calendar year (or portion of such calendar year) (“Plan Year”) is approved by the Compensation Committee of the Board of Directors of East West (“Committee”). Executive officers so approved by the Committee shall be referred to herein as “Participants”. No Executive Officer shall have the right to participate in the Plan, and participation in the Plan in any one Plan Year does not entitle an individual to participate in future Plan Years.

2. Bonus Award

2.1 For each Plan Year, each Participant shall be eligible to receive a payment in cash, stock, restricted stock or other incentive stock, or any combination thereof (“Bonus Award”), in accordance with the terms provided herein and any other terms established by the Committee. Bonus Awards are awards the payment or vesting of which is contingent upon the achievement of specified levels of performance under performance criteria during a performance period. To determine a Participant’s Bonus Award, the Committee shall establish a) Company performance goals for the Plan Year, which may be a fixed target, a prior year comparison, or a comparison to peer banks or other measure selected by the Committee, and which will be based solely upon one or more of the following performance measures: total stockholder return; return on stockholder equity; return on assets; ratio of non-performing assets to total assets; earnings per share; deposits; demand deposits, loans; commercial business loans; trade finance loans; non-interest income; expenses; stock price; revenue or revenue growth; operating income (before or after taxes); pre- or after-tax income; net income (before or after taxes); return on equity or return on average equity; return on average assets; appreciation in and/or maintenance of the price of the Common Stock or any other publicly-traded securities of the Company; market capitalization; market share; economic value-added models or equivalent metrics; comparisons with various stock market indices; ratio of non-performing assets to total assets; capital ratios; cost of deposits; cost of funds; classified asset levels; ratio of classified assets to Tier 1 Risk based capital; loan diversification measurements; reduction of loan concentrations; internal strategic initiatives, efficiency ratio; reductions in costs; improvement in or attainment of expense levels; stockholders equity; operating efficiencies; regulatory achievements; financial ratios, including those measuring liquidity, activity, profitability or leverage; financing and other capital raising transactions

(including sales of the Company's equity or debt securities) ("Performance Criteria"), b) a "Bonus Range" for each Participant for the Plan Year, c) the amount within a Participant's Bonus Range that will be payable to a Participant based upon the achievement of the Performance Criteria for the Plan Year, and d) the form of payment, whether in cash, stock, or restricted stock, or a combination thereof, or the manner in which each Participant may select such form of payment. The terms described in the preceding sentence must be established in writing by the 90th day of the Plan Year, or, if earlier, no later than after 25% of the Plan Year has elapsed, and such terms shall not thereafter be changed, except as permitted by paragraph 2.2 and IRC Section 162(m).

2.2 Performance Criteria may relate to East West and/or one of its subsidiaries, one or more of its divisions or units or any combination of the foregoing, on a consolidated or nonconsolidated basis, as the Committee determines. For purposes of the Plan, each of the Performance Criteria involving a financial measure shall be as set forth in the Company's year-end financial statements and balance sheet, with such adjustments as are set forth below. For purposes of the Plan, each of the above criteria that are based upon income, earnings or profits of the Company shall be calculated before taking into account any Bonus Award paid or payable under this Plan, unless otherwise determined by the Committee at the time the performance goals for the Plan Year are determined. In establishing Performance Criteria for any Plan Year, the Committee may elect to adjust the Performance Criteria to include or exclude changes in accounting principles but may not make other changes to the Performance Criteria.

2.3 Within 2 ½ months following the end of the calendar year in which the Plan Year ends, the Committee shall assess the extent to which the Company has achieved the Performance Criteria for the preceding Plan Year, based on the Company's results. The Committee shall then determine each Participant's Bonus Award based upon the terms established under paragraph 2.1 above. The Committee, however, has the discretion to reduce, but not increase, the amount of a Participant's Bonus Award determined under the preceding sentence. No payments of amounts intended to be performance based compensation under IRC Section 162(m) shall be payable unless and to the extent the underlying performance goals were achieved. The Committee's determination shall be consistent with IRC Section 162(m)(4)(C) and the related regulations described above. No Participant shall receive a Bonus Award in excess of \$10 million for all Plan Years ending within any one calendar year. The \$10 million limit shall be computed on a Plan Year basis, so that, for example, if a Bonus Award was based on performance over two Plan Years, the maximum amount payable would be \$20 million, reduced by any amounts payable under other Bonus Awards previously payable for performance over these two Plan Years.



2.4 If an executive officer's participation in the Plan becomes effective after January 1 of a Plan Year, the Committee shall establish a prorated Bonus Range for such Participant based on the number of full and partial months remaining in the Plan Year after he or she becomes a Participant, provided that a "covered employee", as defined in IRC Section 162(m)(3) and the related regulations described above, may only become a Participant within the first 90 days of the Plan Year. To the extent applicable, the determination of such prorated Bonus Range and the related Performance Criteria shall be consistent with IRC Section 162(m)(4)(C) and the related regulations described above. Bonus Awards may also be conditioned on attainment of performance goals over multiple Plan Years, for example, a Bonus Award may cover a three-year period and be conditioned on satisfaction of one or more goals over that period.

2.5 Nothing in this Plan shall be interpreted to preclude the Company from granting awards or paying compensation outside the parameters of this Plan including, without limitation, base salaries, awards under any other incentive plan (whether or not approved by stockholders), discretionary bonuses or other incentive compensation (whether or not based on the attainment of pre-established performance objectives) or retention or other special payments, whether or not deductible for Federal, State or local income tax purposes by reason of IRC Section 162(m) or otherwise.

### 3. Payment

3.1 Except as otherwise determined by the Committee and except with respect to Participants who have filed deferral elections pursuant to paragraph 3.4, all Bonus Awards will be paid in cash, stock, restricted stock, or any combination thereof, following determination of Bonus Awards by the Committee and within 2½ months following the end of the calendar year in which the Performance Period ends.

3.2 Payment of any Bonus Award that is to be paid in stock, restricted stock or other incentive stock shall be made by grant pursuant to the East West Bancorp, Inc. 2016 Stock Incentive Plan or another equity plan of East West Bank that may hereafter be implemented.

3.3 Unless otherwise provided, no Participant will be eligible to receive a Bonus Award for a Plan Year if the Participant's employment is terminated prior to the end of the Plan Year except for termination following a change of control. For a change of control during the fiscal year, an established prorated Bonus Range for Participants based on the number of full and partial months after January 1 up to the date of change of control measured at target or, if higher, at actual performance, will be awarded. "Change of Control" shall have the same meaning as defined in the East West Bancorp, Inc. 2016 Stock Incentive Plan.

3.4 Participants may elect to defer payment of Bonus Awards for any Plan Year in accordance with any deferred compensation plan of the Company that is in effect on the first day of the Plan Year.

4. Amendment

4.1 The Compensation Committee may amend or terminate the Bonus Plan at any time, subject to approval of the Board of Directors. No amendment which requires stockholder approval to maintain the Bonus Plan's compliance with IRC Section 162(m) will be effective unless the necessary stockholder approval is received.

70

Using a black ink pen, mark your votes with an X as shown in this example. Please do not write outside the designated areas. X EAST WEST BANCORP, INC. 1 U P X + q PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q Annual Meeting Proxy Card B

Authorized Signatures — This section must be completed for your vote to be counted. — Date and Sign Below NOTE: Please sign as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. Date (mm/dd/yyyy) — Please print date below. Signature 1 — Please keep signature within the box. Signature 2 — Please keep signature within the box. IMPORTANT ANNUAL MEETING INFORMATION + 2. Advisory Vote to Approve Executive Compensation. An advisory vote to approve executive compensation. 1. Election of Directors. The election of all directors to serve until the next annual meeting of shareholders and to serve until his or her successors are elected and qualified Nominees: 01 - Molly Campbell 04 - Paul H. Irving 07 - Dominic Ng 02 - Iris S. Chan 05 - Herman Y. Li 08 - Keith W. Renken 03 - Rudolph I. Estrada 06 - Jack C. Liu 09 - Lester M. Sussman For Withhold For Withhold For Withhold For Against Abstain 4. Approval of Performance-Based Bonus Plan. To approve the 2017 East West Bancorp, Inc. Performance-Based Bonus Plan, as amended. For Against Abstain 3. Advisory Vote on the Frequency of Stockholder “Say on Pay.” To determine whether to hold an advisory vote to approve executive compensation every One, Two or Three years. 5. Ratification of Auditors. Ratify the appointment of KPMG LLP as the Company’s independent registered public accounting firm for its fiscal year ending December 31, 2017. For Against Abstain One Two Three Abstain Proposals — THIS PROXY WILL BE VOTED AS DIRECTED, OR IF NO DIRECTION IS INDICATED, WILL BE VOTED AS FOLLOWS: “FOR” ALL DIRECTOR NOMINEES IN PROPOSAL 1, “FOR” PROPOSAL 2, AND FOR “ONE” YEAR ON PROPOSAL 3, AND “FOR” PROPOSALS 4 AND 5.

q PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q . Annual Meeting of Stockholders – Tuesday, May 23, 2017 THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS OF THE COMPANY The undersigned stockholder(s) of East West Bancorp, Inc. (the “Company”) hereby nominates, constitutes and appoints Irene Oh and Douglas P. Krause, and each of them, the attorney, agent and proxy of the undersigned, with full power of substitution, to vote all stock of the Company which the undersigned is entitled to vote at the Annual Meeting of Stockholders of the Company (the “Meeting”) to be held at 135 N. Los Robles Ave., 6th Floor, Pasadena, California at 2:00 p.m., Pacific Time, on Tuesday, May 23, 2017, and any adjournments thereof, as fully and with the same force and effect as the undersigned might or could do if personally present thereat, as follows and, in their discretion, to vote and act upon such other business as may properly come before the Meeting: THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” PROPOSAL 1 (ELECTION OF DIRECTORS); “FOR” PROPOSAL 2 (ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION); FOR “ONE” YEAR ON PROPOSAL 3 (FREQUENCY OF STOCKHOLDER “SAY ON PAY”); “FOR” PROPOSAL 4 (APPROVAL OF PERFORMANCE-BASED BONUS PLAN); “FOR” PROPOSAL 5 (RATIFICATION OF AUDITORS). IF ANY OTHER BUSINESS IS PRESENTED AT THE MEETING, THIS PROXY SHALL BE VOTED BY THE PROXY HOLDERS IN THEIR DISCRETION IN ACCORDANCE WITH THE RECOMMENDATIONS OF A MAJORITY OF THE BOARD OF DIRECTORS. THE UNDERSIGNED HEREBY RATIFIES AND CONFIRMS ALL THAT SAID ATTORNEYS AND PROXYHOLDERS, OR EITHER OF THEM, OR THEIR SUBSTITUTES, SHALL LAWFULLY DO OR CAUSE TO BE DONE BY VIRTUE HEREOF, AND HEREBY REVOKES ANY AND ALL PROXIES HERETOFORE GIVEN BY THE UNDERSIGNED TO VOTE AT THE MEETING. THE UNDERSIGNED HEREBY ACKNOWLEDGES RECEIPT OF THE NOTICE OF SPECIAL MEETING AND THE PROXY STATEMENT ACCOMPANYING SAID NOTICE. (Continued and to be marked, dated and signed, on the other side) REVOCABLE PROXY — EAST WEST BANCORP, INC.