

EAST WEST BANCORP, INC.

AUDIT COMMITTEE CHARTER

MISSION

The Audit Committee is appointed by the Board of Directors (the “Board”) of East West Bancorp, Inc. (the “Company”) to:

- (a) Assist in monitoring (1) the integrity of the financial statements and internal controls of the Company, (2) the compliance by the Company with legal and regulatory requirements, (3) the performance of the internal audit function and external auditors of the Company; and (4) the independent auditor’s qualifications and independence;
- (b) Decide whether to appoint, retain or terminate the Company’s independent auditors and to pre-approve all audit, audit-related, tax and other services, if any, to be provided by the independent auditors;
- (c) Prepare the report required to be prepared by the Committee pursuant to the rules of the Securities and Exchange Commission (the “SEC”) for inclusion in the Company’s annual proxy statement; and
- (d) Assume any other duties as delegated by the Board.

MEMBERSHIP AND STATUS

- (a) The Audit Committee shall consist of at least three members. The members of the Audit Committee shall be nominated by the Nominating and Corporate Governance Committee and appointed by the Board of the Company. The Committee may act as a joint committee with the audit committee of the Board of Directors of East West Bank.
- (b) The members of the Audit Committee shall each be “independent,” as such term is prescribed by Nasdaq, Section 10A of the Securities Exchange Act of 1934 (the “Exchange Act”) and the rules and regulations of the Securities and Exchange Commission (“SEC”), and any standards prescribed for purposes of any federal securities, tax, banking or other laws relating to the Committee’s duties and responsibilities. In accordance with Nasdaq Rule 4350(d)(2)(A)(iii), members of the Committee shall not have participated in the preparation of the financial statements of the Company at any time during the past three years. If the Committee is acting as a joint committee with the audit committee of East West Bank, the members shall also

each be “independent” as determined by the Board of East West Bank under Federal Deposit Insurance Corporation Regulation 363.5.

- (c) Each Committee member shall be able to read and understand financial statements including the Company’s balance sheet, income statement, and cash flow statement. At least one Committee member shall have past employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience resulting in financial sophistication such that he or she meets the definition of a “financial expert” as such term is defined in regulations issued by the Securities and Exchange Commission (the “SEC”) and such rules as may be issued by the NASDAQ Global Select Market. In addition, at least two members must have banking or related financial management experience.

OVERSIGHT OF REGISTERED PUBLIC ACCOUNTING FIRM

In the course of its oversight of the registered public accounting firm as provided under this Charter, the Committee will be guided by the premise that the independent auditor is accountable to the Board and the Committee.

- (a) Pursuant the requirements of Section 10A(m)(2) of the '34 Act, the Audit Committee shall be directly responsible for the compensation and oversight of the work of the independent auditor including resolution of disagreements between management and the independent auditor regarding financial reporting. The independent auditor shall report directly to the Committee.
- (b) The Committee shall:
 - (i) receive from the registered public accounting firm annually, a formal written statement delineating the relationships between the auditors and the Company consistent with Independence Standards Board Standard Number 1;
 - (ii) discuss with the registered public accounting firm the scope of any such disclosed relationships and their impact or potential impact on the independent auditor's independence and objectivity; and
 - (iii) recommend that the Board take appropriate action in response to the independent auditor's report to satisfy itself of the auditor's independence.
- (c) The Committee shall review and approve the proposed scope of the annual independent audit of the Company's financial statements and the associated fees, as well as any significant variations in the actual scope of the independent audit and the

associated fees. The Committee shall have authority to pay all fees and expenses of the registered public accounting firm as it deems appropriate.

- (d) The Committee shall review the registered public accounting firm's attest report on management's assessment of its internal controls under Section 404(b) of the Sarbanes Oxley Act
- (e) The Committee shall approve in advance any audit and non-audit services permitted by the Act that its registered public accounting firm renders to the Company, unless such prior approval may be waived because of permitted exceptions under the Act. In no event shall the independent auditors perform any non-audit services for the Company which are prohibited by Section 10A(g) of the Act or the rules of the SEC. This approval may be delegated to a member of the Committee, who may act on behalf of the Committee in this regard and provided that they report any such matters approved at the next Committee meeting.
- (f) The Committee shall offer reports as required by Item 306(a) of Regulation S-K
- (g) The Committee shall obtain from the independent auditor assurance that the audit was conducted in compliance with Section 10A of the Securities Exchange Act of 1934.
- (h) The Committee shall present its conclusion with respect to the independent auditors to the Board for its information at least annually.

OVERSIGHT OF INTERNAL AUDITORS

The Committee shall have oversight and responsibility for the internal audit department. The internal audit department shall report directly and solely to the Committee regarding both audit issues and administrative issues (e.g., resources, budget, appraisals, and compensation). The Committee shall have authority to hire or terminate personnel and approve budgets. The Committee shall have oversight of all aspects of internal audit performed by external resources. Specifically, the Committee shall:

- (a) Review and approve the Internal Audit Charter and Internal Audit Department Manual, on an annual basis
- (b) Approve the appointment, replacement or reassignment of the Chief Audit Executive (CAE)
- (c) Review and approve the annual risk-based audit plan and significant changes to that plan
- (d) Review and approve the internal audit budget and resources necessary to achieve annual audit plan objectives

- (e) Receive communications from the CAE on Internal Audit performance related to the annual plan and other matters
- (f) Oversee the performance and compensation of the CAE
- (g) Make appropriate inquiries of management and the CAE to determine whether there are inappropriate scope or resource limitations; and
- (h) Review the results of internal and external quality assessments.
- (i) Meet periodically with the Chief Audit Executive in executive session to discuss any matters that the Audit Committee or the Chief Audit Executive believes should be discussed without management present.

The Committee shall review and discuss with management and the registered public accounting firm:

- (a) The quality and adequacy of the Company's internal accounting controls.
- (b) Organization of the internal audit department, the adequacy of its resources and the competence of the internal audit staff.
- (c) The audit risk assessment process and the proposed scope of the internal audit department for the upcoming year and the coordination of that scope with registered public accounting firm.
- (d) Results of the internal auditors' examinations together with management's response thereto.
- (e) Reports of any significant deficiencies and material weaknesses.

OVERSIGHT OF MANAGEMENT'S CONDUCT OF THE COMPANY'S FINANCIAL REPORTING PROCESS

- (a) *Audited Financial Statements.* The Committee shall review and discuss with the registered public accounting firm the audited financial statements to be included in the Company's Annual Report on Form 10-K (or the Annual Report to Shareowners if distributed prior to the filing of Form 10-K) and review and consider with the registered public accounting firm the matters required to be discussed by the applicable Statement of Auditing Standards ("SAS"), including critical accounting policies and practices, alternate treatments of financial information within generally accepted accounting principles that have been discussed with management officials of the Company, ramifications of the use of such alternative disclosure and the treatment preferred by the registered public accounting firm, and other material written communications

between the registered public accounting firm and the management of the Company. The Committee will resolve any disagreements between management and the registered public accounting firm of the Company. Based on these discussions, the Committee will advise the Board of Directors whether it recommends that the audited financial statements be included in the Annual Report on Form 10-K (or the Annual Report to Shareowners).

- (b) *Interim Financial Statements.* The Committee, through its Chairman or the Committee as a whole, will review, prior to the filing thereof, the Company's interim financial results to be included in the Company's quarterly reports on Form 10-Q and the matters required to be discussed by the applicable SAS. The Committee, through its Chairman or the Committee as a whole, will also review press releases submitted by management in connection with the release of quarterly, annual, or special financial statements.
- (c) *Financial Reporting Practices.* The Committee shall review, as appropriate, unless already being reviewed by the Board:
 - (i) Changes in the Company's accounting policies and practices and significant judgments that may affect the financial results
 - (ii) The nature of any unusual or significant commitments or contingent liabilities together with the underlying assumptions and estimates of management.
- (d) *Internal Controls.* The Committee will discuss and review management's internal control procedures supporting its financial reporting process and the documentation used to verify the controls. The Committee shall review and discuss management's internal controls over financial reporting separately with financial auditors, with management absent
- (e) *Disclosures and Certifications.* The Audit Committee will review disclosures and certifications by the Chief Executive Officer and Chief Financial Officer pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act and other specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," and as the Committee otherwise deems appropriate or necessary.

ASSISTANCE TO THE BOARD IN OVERSIGHT OF THE COMPANY'S COMPLIANCE WITH POLICIES AND PROCEDURES

The Committee shall review and monitor, as appropriate, unless already being reviewed by the Board:

- (a) Compliance programs and corrective actions regarding any deficiencies noted by auditors or examiners regarding compliance or compliance programs.
- (b) Significant findings of any examination by regulatory authorities or agencies and corrective actions regarding any deficiencies noted in regulatory examinations.

OVERSIGHT OF INTERNAL ASSET REVIEW

The Committee shall oversee the Corporation's Internal Asset Review department, including:

1. Oversee the Chief Audit Executive's responsibilities for the activities of the Internal Asset Review department with regards to Committee communications and significant management reporting and corresponding management response.
2. Approve the Annual Loan Review Plan and schedule of activities.
3. Meet periodically with the Chief Audit Executive in executive session to discuss any matters that the Audit Committee or the Chief Audit Executive believes should be discussed without management present.
4. Approve the Policies and Procedures governing the operations of the Internal Asset Review department.

OTHER DUTIES

The Committee shall perform the following other duties and shall undertake such additional duties as may be delegated to it by the Board from time to time:

- (a) Establish and review procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- (b) Establish and review procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters.
- (c) Review and approve all "related party" transactions as defined in Item 404 of Regulation S-K with the Company.
- (d) Discuss with management periodically management's assessment of the Company's market, credit, liquidity, fraud and other financial and operational risks, and the guidelines, policies and processes for managing such risks.
- (e) Review and reassess the adequacy of this Charter on an annual basis.

- (f) Coordinate with the Nominating and Corporate Governance Committee to monitor compliance with the Company's Code of Ethics.
- (g) Prepare the report and any other disclosures required by the rules of the SEC to be included in the Company's annual proxy statement.

The Committee is responsible for overseeing the above matters and activities by management and the registered public accounting firm. The Committee shall have access to all documents and personnel of the Company and its subsidiaries in performing its responsibilities. The management of the Company however, remains responsible for preparing the financial statements and the internal control process and the registered public accounting firm is responsible for auditing those financial statements and reviewing the internal control process. The management and the registered public accounting firm have more time, knowledge and more detailed information on the Company than do Committee members. Consequently, in carrying out its oversight responsibilities, the Committee is not providing any special assurance as to the Company's financial statements or internal control process or any professional certification as to the independent auditor's work.

MEETINGS

Meetings of the Committee will be held at least quarterly and such other times as shall be required by the Chairman of the Board of the Company, or by a majority of the members of the Committee. At the invitation of the Committee, the meetings shall be attended by the Chief Executive Officer, the Chief Financial Officer, legal counsel for the Company, the representatives of the registered public accounting firm, and such other persons whose attendance is appropriate to the matters under consideration.

The Audit Committee shall regularly meet with the Company's independent auditor with no officers or employees of the Company present. The Audit Committee shall also regularly meet with the Company's internal auditors and management.

OUTSIDE ADVISORS

The Audit Committee shall have the authority to retain special legal, accounting or other consultants to advise the Committee as deemed appropriate by the Committee. The Committee shall have authority to pay all fees and expenses of such outside advisors as it deems appropriate.