

# The Quarter in Review

1<sup>ST</sup> QUARTER 2019



## CEO QUOTE

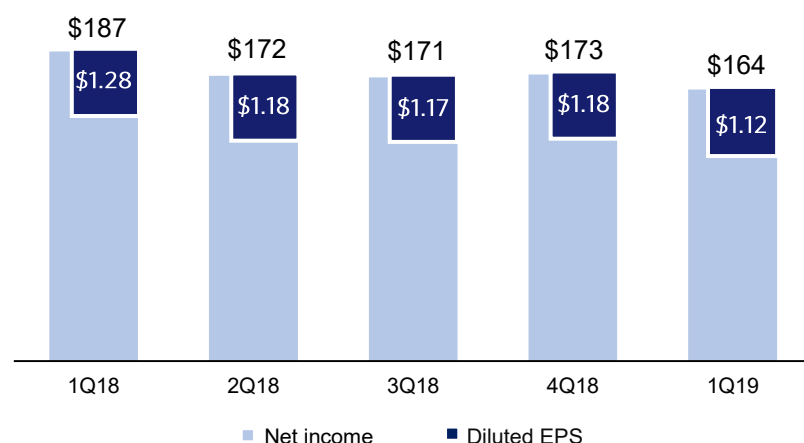
“We started off the year with solid balance sheet growth. Our total assets reached a record \$42.1 billion. Total loans grew \$478 million, or 6% annualized, to a record \$32.9 billion from \$32.4 billion as of December 31, 2018. Total deposits grew \$834 million, or 10% annualized, to a record \$36.3 billion from \$35.4 billion at the end of 2018.

Our balance sheet growth, the profitability of our business, and our capital levels are strong. As of March 31, 2019, our tangible equity to tangible assets ratio was 9.9%, an increase of 16 basis points quarter-over-quarter. I am pleased to announce that East West’s Board of Directors approved a 20% increase to the quarterly common stock dividend. Our quarterly dividend will increase to \$0.275 per share, up from \$0.23 per share. We are optimistic about the year ahead, and look forward to delivering another year of strong returns for our shareholders.”

– Dominic Ng, Chairman, President and CEO

## NET INCOME AND DILUTED EPS

(Net income \$ in millions; EPS in \$)



**\$164 million**

1Q19 net income

**\$1.12**

1Q19 diluted EPS

**\$169 million**

1Q19 adjusted\* net income

**\$1.16**

1Q19 adjusted\* EPS

\*1Q19 adjusted for impairment related to certain tax credit investments. Please see GAAP to non-GAAP financial measures in 1Q19 Earnings Release.

## STOCK INFORMATION

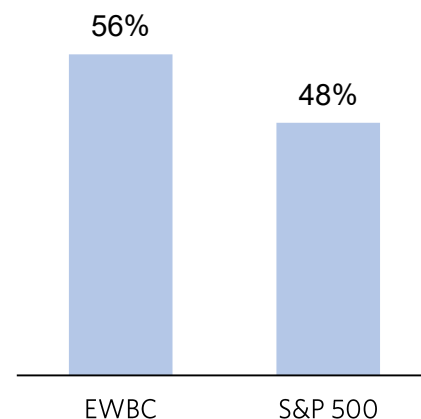
(as of April 16, 2019)

Ticker	EWBC
Exchange	NASDAQ
Market cap	\$7.5 bn
Closing price	\$51.96
52-week high	\$73.98
52-week low	\$40.05
No. of shares outstanding	145.5 mm
Annualized dividend*	\$1.10

\*Based on the annualized run-rate of \$0.275/sh quarterly dividend, beginning in 2Q19, up by 20% from prior quarterly dividend of \$0.23/sh.

## 3-YEAR TOTAL STOCKHOLDER RETURN

(as of April 16, 2019)



Source: S&P Global Market Intelligence (SNL Financial)

## 1Q19 HIGHLIGHTS

**Earnings and EPS** – 1Q19 net income of \$164 million and diluted EPS of \$1.12, compared to 4Q18 net income of \$173 million and diluted EPS of \$1.18. Excluding an impairment charge in 1Q19, adjusted\* 1Q19 net income was \$169 million and adjusted\* diluted EPS were \$1.16.

**Dividend Increase** – 2Q19 common stock dividend has increased by 20%, or 4.5 cents per share. The new quarterly dividend will be \$0.275, up from \$0.23 per share. At the new rate, the annualized dividend will be \$1.10, compared to the previous annualized rate of \$0.92 per share.

**Record Loans** – Total loans of \$32.9 billion as of March 31, 2019 were up by \$478 million or 6% linked quarter annualized from \$32.4 billion as of December 31, 2018.

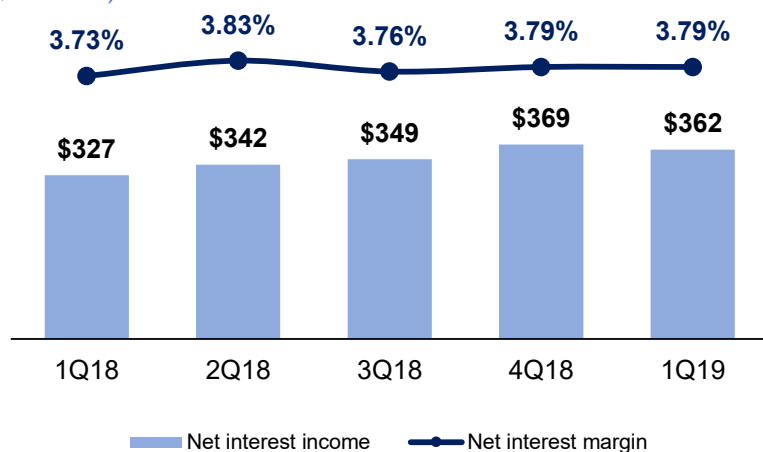
**Record Deposits** – Total deposits of \$36.3 billion as of March 31, 2019 were up by \$834 million or 10% linked quarter annualized from \$35.4 billion as of December 31, 2018.

**Capital Levels** – Capital levels for East West continues to be strong. Tangible equity per common share was \$28.21 as of March 31, 2019, an increase of 4% linked quarter.

\*1Q19 adjusted for impairment related to certain tax credit investments. Please see GAAP to non-GAAP financial measures in 1Q19 Earnings Release.

## NET INTEREST INCOME AND NET INTEREST MARGIN

(\$ in millions)



**\$362 million**

1Q19 net interest income

**+\$36 million or 11%**

YoY\* change

**3.79%**

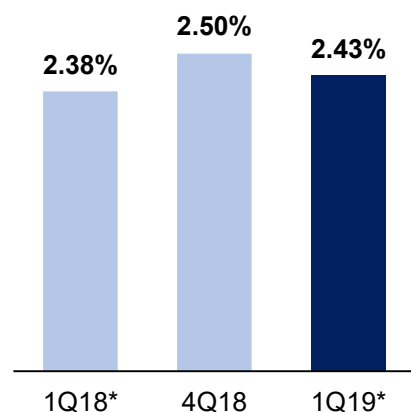
1Q19 net interest margin

**+6 bps**

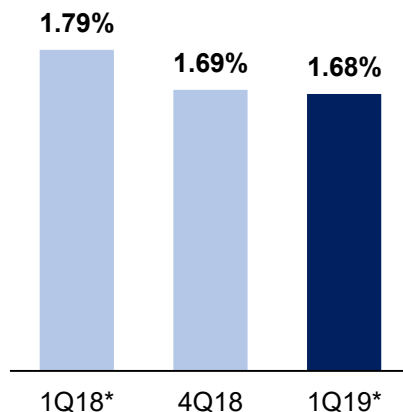
YoY\* change

\*YoY=Year over year

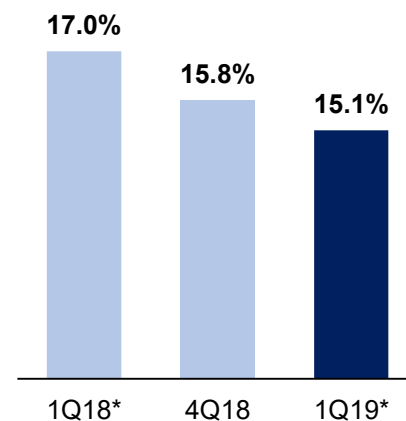
## ADJUSTED PRE-TAX, PRE-PROVISION PROFITABILITY RATIO\*



## ADJUSTED RETURN ON AVERAGE ASSETS\*

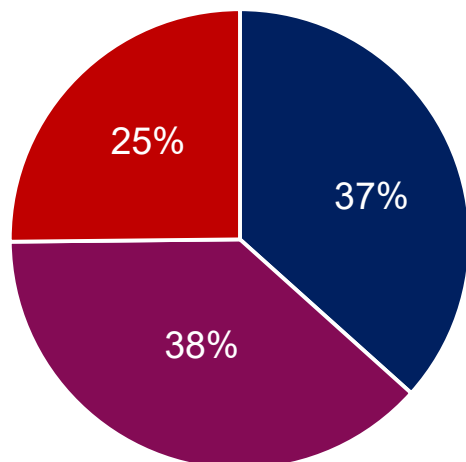


## ADJUSTED RETURN ON AVERAGE EQUITY\*



\*Please see reconciliation of GAAP to non-GAAP financial measures in the Company's 1Q19 Earnings Release.

## LOANS



Total Loans as of 03.31.19  
(\$ in billions)

C&I	\$12.0
CRE	\$12.6
Consumer	\$8.3
<b>Total</b>	<b>\$32.9</b>

Loan portfolio composition:  
CRE = CRE, MFR, construction and land.  
Consumer = SFR, HELOC and other consumer.

**\$32.9 billion**

Record loans as of 03.31.19

**+\$478 million or 1%**  
QoQ\* change

**5.30%**

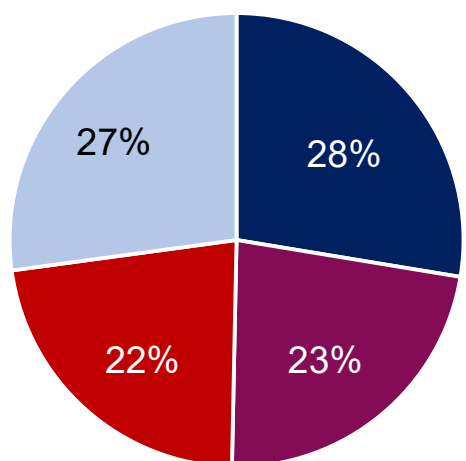
1Q19 average loan yield

**+8 basis points**

QoQ\* change

\*QoQ=Quarter over Quarter

## DEPOSITS



Total Deposits as of 03.31.19  
(\$ in billions)

DDA	\$10.0
MMDA	\$8.2
IB checking & Savings	\$8.2
CDs	\$9.9
<b>Total</b>	<b>\$36.3</b>

DDA = Noninterest-bearing demand deposits.  
MMDA = Money market demand accounts.  
IB checking = Interest-bearing checking deposits.

**\$36.3 billion**

Record deposits as of 03.31.19

**+\$834 million or 2%**  
QoQ\* change

**1.07%**

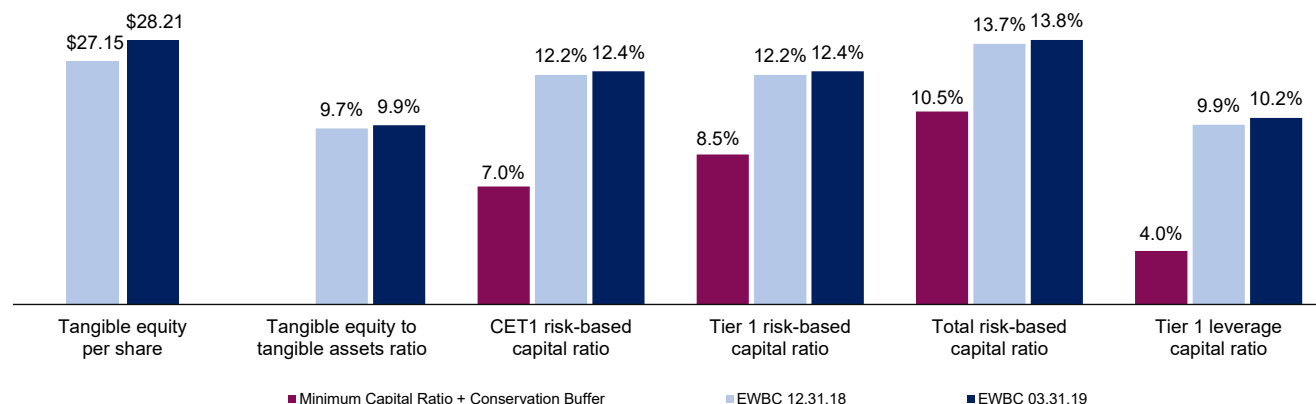
1Q19 total cost of deposits

**+17 basis points**

QoQ\* change

\*QoQ=Quarter over Quarter

## CAPITAL STRENGTH



Note: The Company's March 31, 2019 regulatory capital ratios are preliminary.

(\$ in millions, except per share data)	1Q19	4Q18	1Q18
<b>Summary of Operations</b>			
Net interest income before provision for credit losses	\$ 362	\$ 369	\$ 327
Provision for credit losses	(23)	(18)	(20)
Net interest income after provision for credit losses	\$ 340	\$ 351	\$ 306
Noninterest income	42	42	74
Noninterest expense	(187)	(188)	(169)
Income before income taxes	195	205	212
Income tax expense	(31)	(32)	(25)
Net income	\$ 164	\$ 173	\$ 187
<b>Per common share</b>			
Diluted EPS	\$ 1.12	\$ 1.18	\$ 1.28
Adjusted diluted EPS <sup>1</sup>	\$ 1.16	\$ 1.18	\$ 1.13
Common dividend per share	\$ 0.23	\$ 0.23	\$ 0.20
Tangible equity per share <sup>1</sup>	\$ 28.21	\$ 27.15	\$ 24.07
<b>Balance sheet</b>			
Total assets	\$ 42,091	\$ 41,042	\$ 37,672
Total loans	32,863	32,385	29,601
Total deposits	36,274	35,440	32,609
Stockholders' equity	4,592	4,424	3,979
Tangible equity to tang. assets ratio (TCE ratio) <sup>1</sup>	9.9%	9.7%	9.4%
<b>Financial Ratios</b>			
Net interest margin <sup>2</sup>	3.79%	3.79%	3.73%
Adjusted efficiency ratio <sup>1</sup>	39.8%	37.9%	40.6%
Adjusted pre-tax, pre-provision profitability ratio <sup>1,2</sup>	2.43%	2.50%	2.38%
Adjusted return on average assets <sup>1,2</sup>	1.68%	1.69%	1.79%
Adjusted return on average equity <sup>1,2</sup>	15.1%	15.8%	17.0%
<b>Asset Quality Ratios</b>			
Non-PCI nonperforming assets/total assets	0.33%	0.23%	0.35%
Allowance for loan losses/loans held-for-investment (HFI) <sup>3</sup>	0.97%	0.96%	1.01%
Net charge-offs/average loans HFI <sup>2</sup>	0.18%	0.20%	0.14%

<sup>1</sup> See reconciliation of GAAP to non-GAAP financial measures in the Company's 1Q19 Earnings Release.

<sup>2</sup> Annualized.

<sup>3</sup> Total assets and loans held-for-investment include PCI loans of \$290 million, \$308 million and \$452 million as of March 31, 2019, December 31, 2018 and March 31, 2018, respectively.

#### CORPORATE PROFILE

East West Bancorp, Inc. is a publicly owned company with total assets of \$42.1 billion that trades on the Nasdaq Global Select Market under the symbol "EWBC". The Company's wholly-owned subsidiary, East West Bank, is the premier bank exclusively focused on the United States and Greater China markets, and is one of the largest independent banks headquartered in California. With over 130 locations worldwide, East West operates in California, Georgia, Massachusetts, Nevada, New York, Texas and Washington in the United States. In Greater China, East West's presence includes full service branches in Hong Kong, Shanghai, Shantou and Shenzhen, and representative offices in Beijing, Chongqing, Guangzhou, Taipei and Xiamen. For more information about East West, visit the Company's website at [www.eastwestbank.com](http://www.eastwestbank.com).

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