

# The Quarter in Review

1ST QUARTER 2018



## CEO QUOTE

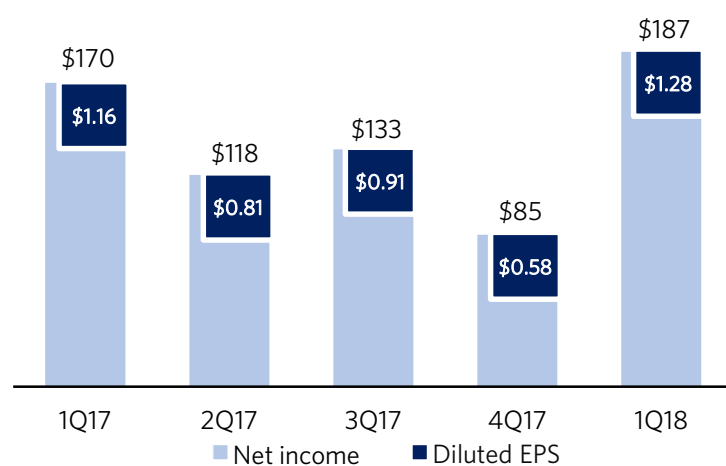
"We are pleased with the solid balance sheet growth in the first quarter of 2018. Total loans grew \$547 million, or 8% annualized, to a record \$29.6 billion from \$29.1 billion as of December 31, 2017. Total deposits grew \$389 million, or 5% annualized, to a record \$32.6 billion as of March 31, 2018 from \$32.2 billion at the end of 2017.

Net interest margin expansion in the first quarter of 2018 was the primary driver for the sequential quarter revenue growth, in excess of expense growth. Net interest income increased by 2%, or 9% annualized, from the fourth quarter of 2017. Noninterest expense decreased in the first quarter of 2018, compared to the fourth quarter of 2017; we continue to ensure strong expense discipline whilst making investments in talent and infrastructure to strengthen East West's franchise and enhance our value proposition for our clients."

— Dominic Ng, Chairman and CEO

## NET INCOME AND DILUTED EPS

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



**\$187 million**

1Q18 net income

**+\$102 million or 120%**

QoQ\* change

**\$1.28**

1Q18 diluted EPS

**+\$0.70 or 120%**

QoQ\* change

\*QoQ = Quarter over Quarter

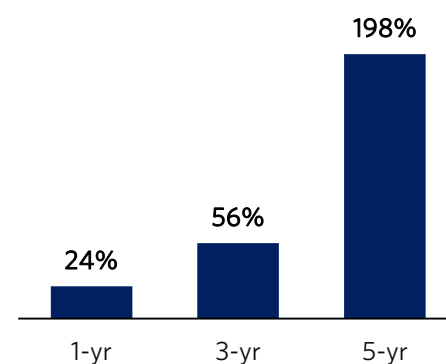
## STOCK INFORMATION

(as of April 18, 2018)

Ticker	EWBC
Exchange	NASDAQ
Market cap	\$8.9 bn
Closing price	\$61.41
52-week high	\$69.25
52-week low	\$52.41
No. of shares outstanding	145 mm
Annual dividend	\$0.80

## TOTAL STOCKHOLDER RETURN

(as of April 18, 2018)



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

## HIGHLIGHTS OF RESULTS

**Solid Earnings** - 1Q18 net income of \$187 million or diluted EPS of \$1.28 both increased by 120% compared to 4Q17 net earnings of \$85 million or diluted EPS of \$0.58. 1Q18 net income included \$22 million of after tax gain on the sale of Desert Community Bank branches, and 4Q17 net income included \$42 million of additional income tax expense related to the enactment of the Tax Cuts and Jobs Act. Excluding these items, 1Q18 adjusted\* net income of \$164.9 million and adjusted\* diluted EPS of \$1.13 both increased by 30% from 4Q17.

**Net Interest Income Growth and Net Interest Margin Expansion** - 1Q18 net interest income totaled \$327 million, an increase of \$7 million, or 2% linked quarter, primarily due to loan growth and the expansion of loan yields. 1Q18 NIM of 3.73% expanded by 16 basis points linked quarter.

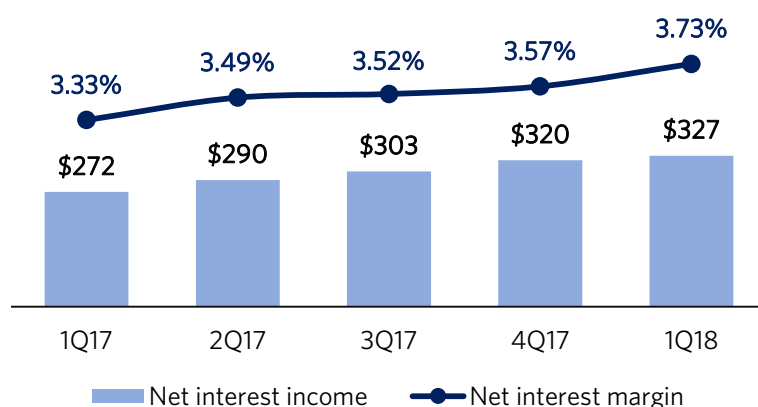
**Record Loans** - Total loans of \$29.6 billion as of March 31, 2018 were up by \$548 million or 2% from \$29.1 billion as of December 31, 2017.

**Record Deposits** - Total deposits of \$32.6 billion as of March 31, 2018 were up \$389 million or 1% from \$32.2 billion as of December 31, 2017.

\*Please see reconciliation of GAAP to non-GAAP financial measures in the Company's 1Q18 Earnings Press Release.

## NET INTEREST INCOME AND NET INTEREST MARGIN

(\$ in millions)



**\$327 million**

1Q18 net interest income

**+\$7 million or 2%**

QoQ\* change

**3.73%**

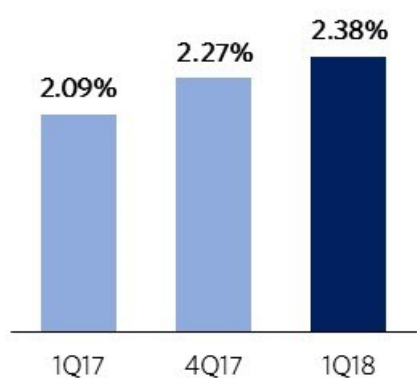
1Q18 net interest margin

**+16 basis points**

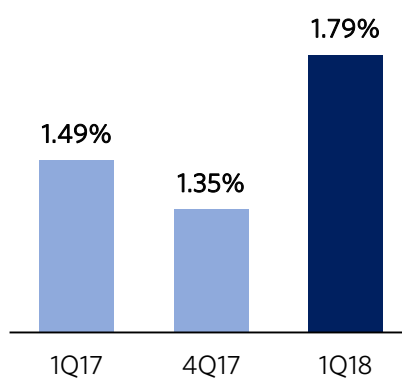
QoQ\* change

\*QoQ=Quarter over quarter

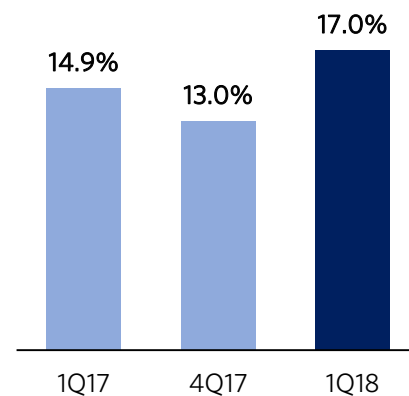
## ADJUSTED PRE-TAX, PRE-PROVISION PROFITABILITY RATIO\*



## ADJUSTED RETURN ON AVERAGE ASSETS\*

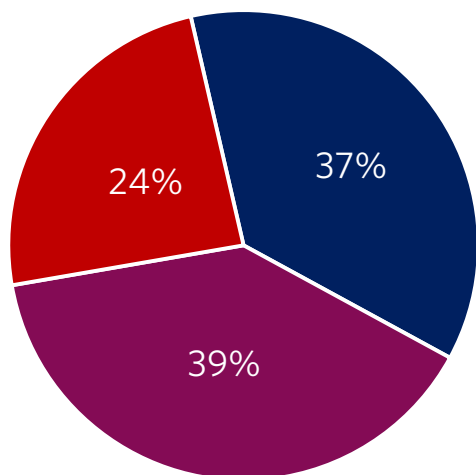


## ADJUSTED RETURN ON AVERAGE EQUITY\*



\*Please see reconciliation of GAAP to non-GAAP financial measures in the Company's 1Q18 Earnings Release.

## LOANS



C&I	\$10.8
CRE	\$11.6
Consumer	\$7.1
<b>Total</b>	<b>\$29.6</b>

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

**\$29.6 billion**  
Record loans as of 03.31.18

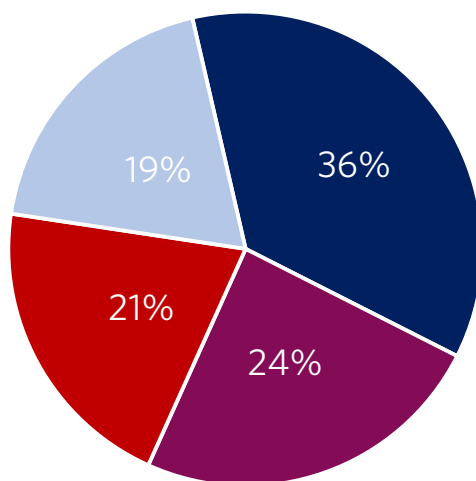
**+547 million or 2%**  
QoQ\* change

**4.69%**  
1Q18 average loan yield

**+17 basis points**  
QoQ\* change

\*QoQ=Quarter over Quarter

## DEPOSITS



DDA	\$11.8
MMDA	\$7.9
IB checking & Savings	\$6.7
CDs	\$6.2
<b>Total</b>	<b>\$32.6</b>

DDA = Noninterest-bearing demand deposits.  
IB checking = Interest-bearing checking.

**\$32.6 billion**  
Record deposits as of 03.31.18

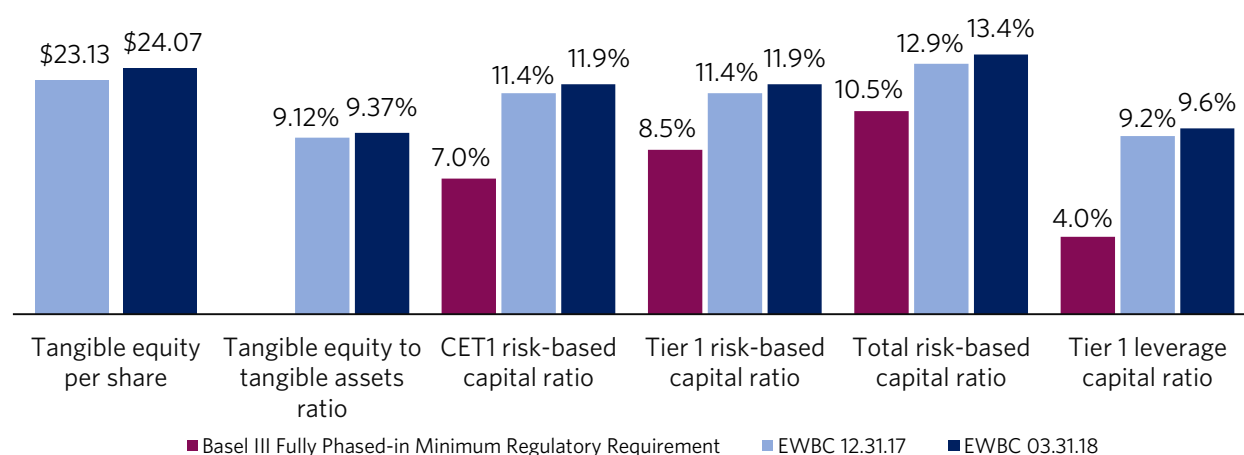
**+\$389 million or 1%**  
QoQ\* change

**0.49%**  
1Q18 total cost of deposits

**+6 basis points**  
QoQ\* change

\*QoQ=Quarter over Quarter

## CAPITAL STRENGTH



Note: The Company's March 31, 2018 regulatory capital ratios are preliminary.

## SUMMARY OF SELECTED FINANCIAL INFORMATION

(\$ in millions, except per share data)

	1Q18	4Q17	1Q17
<b>Summary of Operations</b>			
Net interest income before provision for credit losses	\$ 327	\$ 320	\$ 272
Provision for credit losses	(20)	(16)	(7)
Net interest income after provision for credit losses	\$ 306	\$ 304	\$ 265
Noninterest income	74	45	116
Noninterest expense	(169)	(175)	(153)
Income before income taxes	212	174	228
Income tax expense	(25)	(89)	(58)
Net income	\$ 187	\$ 85	\$ 170
<b>Per common share</b>			
Diluted EPS	\$ 1.28	\$ 0.58	\$ 1.16
Adjusted diluted EPS <sup>1</sup>	\$ 1.13	\$ 0.87	\$ 0.88
Common dividend per share	\$ 0.20	\$ 0.20	\$ 0.20
Tangible equity per share <sup>1</sup>	\$ 24.07	\$ 23.13	\$ 21.20
<b>At period-end</b>			
Total assets	\$ 37,719	\$ 37,150	\$ 35,342
Total loans	29,601	29,054	26,490
Total deposits	32,609	32,220	30,543
Stockholders' equity	3,979	3,842	3,566
Tangible equity to tang. assets ratio (TCE ratio) <sup>1</sup>	9.37%	9.12%	8.79%
<b>Financial Ratios</b>			
Net interest margin <sup>2</sup>	3.73%	3.57%	3.33%
Adjusted efficiency ratio <sup>1</sup>	40.6%	41.6%	43.2%
Adjusted pre-tax, pre-provision profitability ratio <sup>1,2</sup>	2.38%	2.27%	2.09%
Adjusted return on average assets <sup>1,2</sup>	1.79%	1.35%	1.49%
Adjusted return on average equity <sup>1,2</sup>	17.0%	13.0%	14.9%
<b>Asset Quality Ratios</b>			
Non-PCI nonperforming assets/total assets <sup>3</sup>	0.35%	0.31%	0.41%
Allowance for loan losses/loans held-for-investment <sup>3</sup>	1.01%	0.99%	0.99%

<sup>1</sup> See reconciliation of GAAP to non-GAAP financial measures in the Company's 1Q18 Earnings Release.

<sup>2</sup> Annualized.

<sup>3</sup> Total assets and loans held-for-investment include purchased credit impaired loans of \$452 million, \$482 million and \$612 million as of March 31, 2018, December 31, 2017, and March 31, 2017, respectively.

## CORPORATE PROFILE

East West Bancorp ("East West" or the "Company") is a publicly owned company with \$37.7 billion in assets and is traded on the NASDAQ Global Select market under the symbol "EWBC". The Company's wholly-owned subsidiary, East West Bank is the largest independent bank headquartered in southern California.

East West Bank is a premier bank focused exclusively on the United States and Greater China markets and operates over 130 locations between these two markets. In the U.S., East West operates in California, Georgia, Massachusetts, Nevada, New York, Texas and Washington. 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.

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