

# The Quarter in Review

2<sup>ND</sup> QUARTER 2019



“Total loans grew \$871 million, or 11% annualized, to a record \$33.7 billion as of June 30, 2019 from \$32.9 billion as of March 31, 2019. Total deposits grew \$204 million, or 2% annualized, to a record \$36.5 billion from \$36.3 billion as of March 31, 2019.

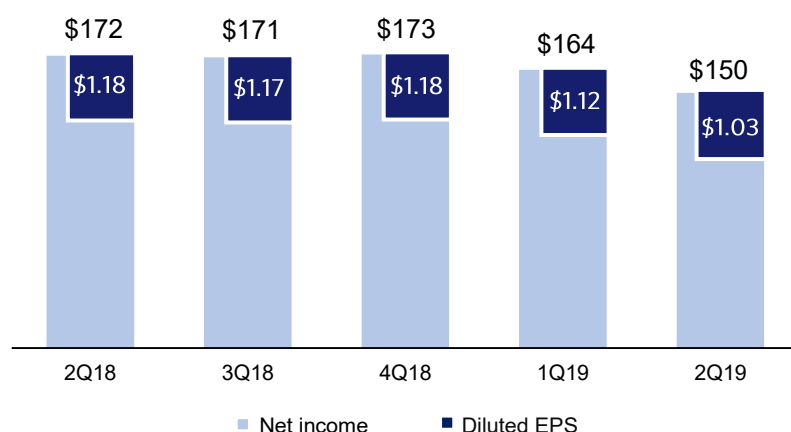
East West achieved record total operating revenue of \$420 million in the second quarter of 2019, an increase of 4% from \$405 million in the first quarter of 2019. The growth in revenue combined with strong operating expense control drove improvement in our operating efficiency and an expansion of our pre-tax, pre-provision profitability.

Despite macro-economic and geopolitical volatility, East West continues to execute, delivering attractive growth and profitability, demonstrating the strength of our differentiated strategy and the value proposition that we provide for our customers.”

– Dominic Ng, Chairman, President and CEO

## NET INCOME AND DILUTED EPS

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



**\$150 million**  
2Q19 net income

**\$1.03**  
2Q19 diluted EPS

**\$180 million**  
2Q19 adjusted\* net income

**\$1.24**  
2Q19 adjusted\* EPS

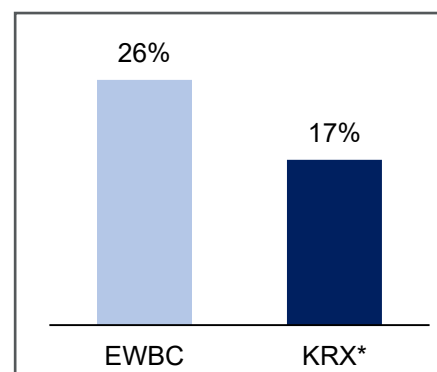
\*2Q19 adjusted for reversal of previously claimed tax credits. Please see GAAP to non-GAAP financial measures in 2Q19 Earnings Release.

## STOCK INFORMATION\*

Ticker	EWBC
Exchange	NASDAQ
Market cap	\$6.6 bn
Closing price	\$45.07
52-week high	\$68.06
52-week low	\$40.05
No. of shares outstanding	146 mm
Annualized dividend*	\$1.10

\*Based on the annualized run-rate of \$0.275/sh quarterly dividend.

## 3-YEAR PRICE CHANGE\*



\*KRX = KBW Nasdaq Regional Banking Index

\*Priced as of July 15, 2019. Source: S&P Global Market Intelligence (SNL Financial)

## 2Q19 HIGHLIGHTS

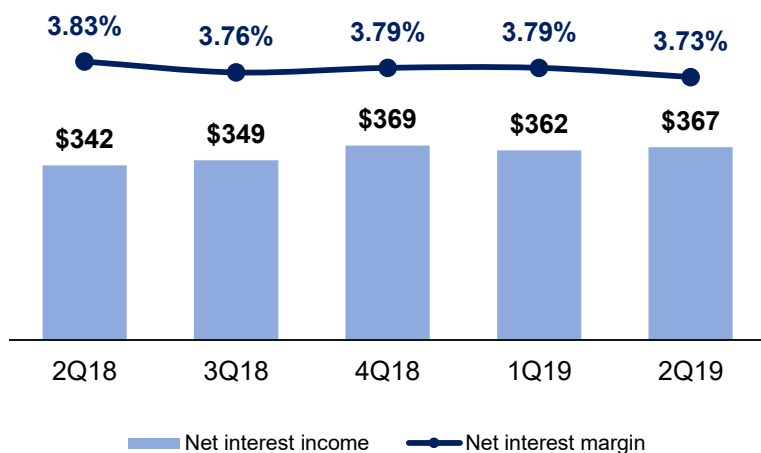
**Earnings and EPS** – 2Q19 net income of \$150 million and diluted EPS of \$1.03, compared to 1Q19 net income of \$164 million and diluted EPS of \$1.12. During the second quarter, the Company recorded \$30 million of additional income tax expense to reverse previously claimed tax credits, equivalent to \$0.21 per share. Adjusted 2Q19 net income was \$180 million and adjusted diluted EPS were \$1.24, both up 7% from 1Q19 adjusted net income of \$169 million and adjusted EPS of \$1.16.

**Record Total Operating Revenue** – 2Q19 total operating revenue was a record \$420 million, an increase of 4% from 1Q19 total operating revenue of \$405 million, driven by 1% growth in net interest income and substantial fee income growth of 25%.

**Capital Levels** – Capital levels for East West are strong. Tangible equity per common share was \$29.20 as of June 30, 2019, an increase of 3% linked quarter.

### NET INTEREST INCOME AND NET INTEREST MARGIN

(\$ in millions)



**\$367 million**

2Q19 net interest income

**+\$5 million or 1%**

QoQ\* change

**3.73%**

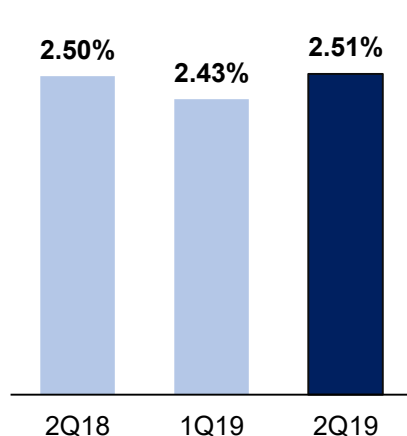
2Q19 net interest margin

**-6 bps**

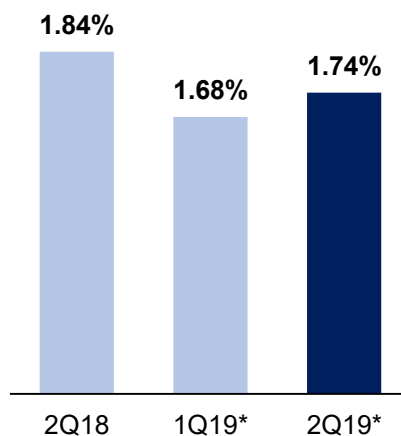
QoQ\* change

\*QoQ = Quarter over Quarter

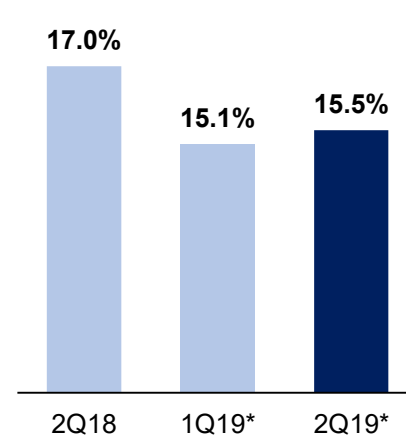
### ADJUSTED PRE-TAX, PRE-PROVISION PROFITABILITY RATIO\*



### ADJUSTED RETURN ON AVERAGE ASSETS\*

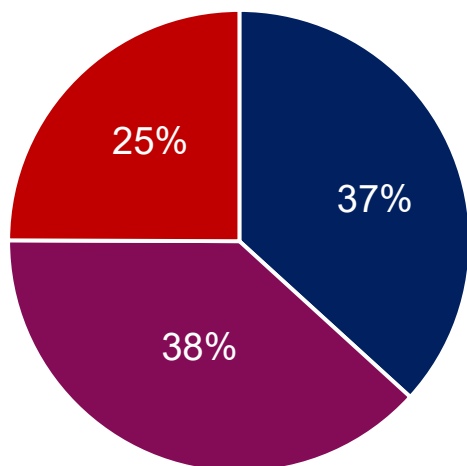


### ADJUSTED RETURN ON AVERAGE EQUITY\*



\*Please see reconciliation of GAAP to non-GAAP financial measures in the Company's 2Q19 Earnings Release.

## LOANS



Total Loans as of 06.30.19  
(\$ in billions)

C&I	\$12.4
CRE	\$12.9
Consumer	\$8.4
<b>Total</b>	<b>\$33.7</b>

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

**\$33.7 billion**

Record loans as of 06.30.19

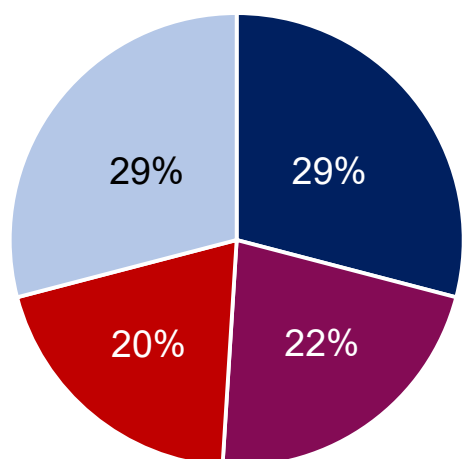
**+\$871 million or 3%**  
QoQ\* change

**5.28%**  
2Q19 average loan yield

**-2 basis points**  
QoQ\* change

\*QoQ=Quarter over Quarter

## DEPOSITS



Total Deposits as of 06.30.19  
(\$ in billions)

DDA	\$10.6
MMDA	\$8.0
IB checking & Savings	\$7.3
CDs	\$10.6
<b>Total</b>	<b>\$36.5</b>

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

**\$36.5 billion**  
Record deposits as of

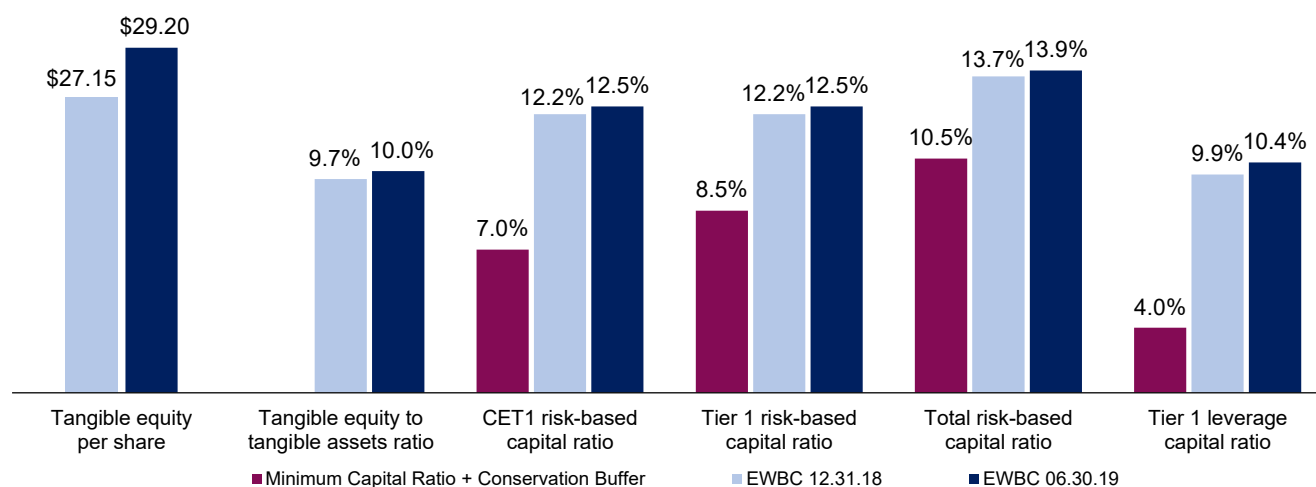
**+\$204 million or 0.6%**  
QoQ\* change

**1.11%**  
2Q19 cost of deposits

**+4 basis points**  
QoQ\* change

\*QoQ=Quarter over Quarter

## CAPITAL STRENGTH



(\$ in millions, except per share data)	2Q19	1Q19	2Q18
<b>Summary of Operations</b>			
Net interest income before provision for credit losses	\$ 367	\$ 362	\$ 342
Provision for credit losses	(19)	(23)	(16)
Net interest income after provision for credit losses	\$ 348	\$ 340	\$ 326
Noninterest income	53	42	48
Noninterest expense	(178)	(187)	(177)
Income before income taxes	223	195	197
Income tax expense	(73)	(31)	(25)
Net income	\$ 150	\$ 164	\$ 172
<b>Per common share</b>			
Diluted EPS	\$ 1.03	\$ 1.12	\$ 1.18
Adjusted diluted EPS <sup>1</sup>	\$ 1.24	\$ 1.16	\$ 1.18
Common dividend per share	\$ 0.275	\$ 0.23	\$ 0.20
Tangible equity per share <sup>1</sup>	\$ 29.20	\$ 28.21	\$ 25.01
<b>Balance sheet</b>			
Total assets	\$ 42,892	\$ 42,091	\$ 38,043
Total loans	33,734	32,863	30,245
Total deposits	36,478	36,274	32,776
Stockholders' equity	4,735	4,592	4,114
Tangible equity to tang. assets ratio (TCE ratio) <sup>1</sup>	10.0%	9.9%	9.6%
<b>Financial Ratios</b>			
Net interest margin <sup>2</sup>	3.73%	3.79%	3.83%
Adjusted efficiency ratio <sup>1</sup>	38.0%	39.8%	39.9%
Adjusted pre-tax, pre-provision profitability ratio <sup>1,2</sup>	2.51%	2.43%	2.50%
Adjusted return on average assets <sup>1,2</sup>	1.74%	1.68%	1.84%
Adjusted return on average equity <sup>1,2</sup>	15.5%	15.1%	17.0%
<b>Asset Quality Ratios</b>			
Non-PCI nonperforming assets/total assets	0.28%	0.33%	0.27%
Allowance for loan losses/loans held-for-investment (HFI)	0.98%	0.97%	1.00%
Net charge-offs/average loans HFI <sup>2</sup>	0.09%	0.18%	(0.14)%

<sup>1</sup> See reconciliation of GAAP to non-GAAP financial measures in the Company's 2Q19 Earnings Release.

<sup>2</sup> Annualized.

#### CORPORATE PROFILE

East West Bancorp, Inc. is a publicly owned company with total assets of \$42.9 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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