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EWBC - East West Bancorp Inc at Barclays Global Financial Services Conference

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CONFERENCE CALL PARTICIPANTS

Matthew John Keating *Barclays Bank PLC, Research Division - Director & Senior Analyst*

PRESENTATION

Matthew John Keating - *Barclays Bank PLC, Research Division - Director & Senior Analyst*

Good morning. If everyone could please take their seats, we'll get started. So I'm Matt Keating, I cover the U.S. mid-cap banks for Barclays. We're very pleased to welcome back East West Bancorp to this event. With us this morning for this fireside chat are Chairman, President and CEO, Dominic Ng; and Julianna Balicka, Director of Strategy and Corporate Development for the organization.

QUESTIONS AND ANSWERS

Matthew John Keating - *Barclays Bank PLC, Research Division - Director & Senior Analyst*

So I'd like to begin with a question for Dominic. East West is differentiated from most U.S. organizations, certainly by its operations in China, where you have 10 locations in total, including 5 full-service branches. However, the bank does have more than 120 locations in the United States, and revenues from China last quarter was only around 5% of the bank's total. With this in mind, do you think The Street at times focuses too much on the risk from the recent trade tensions between the U.S. and China? What's the right way for investors to be thinking about East West exposure domestically vis-a-vis its exposure in China?

Dominic Ng - *East West Bancorp, Inc. - Chairman, President & CEO*

Thank you, Matt. As you shared with the audience earlier that our exposure in China is actually very, very small. But the fact is, we are one of these very unique institution that reaps substantial benefits by helping U.S., China to connecting them for commerce and business, which results in us generating substantial amount of deposit and loans in the United States. And on top of that, I think that we in the United States have a very good footprint of branches and offices throughout all the major metropolitan areas. Mainly -- so in Southern California, we being the largest bank headquartered in Southern California. Plus, we have location in Seattle, New York, Boston, Atlanta, Houston, Dallas, Las Vegas. So without a doubt, when it comes to Chinese-American populations, those who live here, do business here, we have a huge share of that business. So that's all doing really well. So from that, all from that angle as in the domestic side, it's really not that much different than anybody else. So from an investor's point of view, because we being East West Bank have substantial knowledge in the Chinese side, so there is that headline news that we have to deal with. And on top of that, I think it's mainly perception risk versus reality risk. If I look at East West Bank, trying to think of a good example, well, right now, South Carolina is going to be dealing with a hurricane. If you did -- if you get into a situation like got a hurricane coming, East West Bank is probably one of those households that every single of person in the household not only know how to swim well, but we have a bunch of life jackets, even extra life jackets to help friends in the neighborhood. And we have rafts, we have kayak, everybody know how to paddle. And chances are when that happen -- something bad happen, we'll be just paddling around the neighborhood saving lives. So when I look at the China-U. S. situation, my view is that we understand the risks so well, and we are so up to date with exactly what happened. Actually, usually when it comes to this type of situation, we tend to do even better because we understand the difference between perception risk versus reality risk. We see crisis and can turn it into opportunities. And there are a lot of business for East West today because we are able to advise U.S. business that maybe have some exposure to China and giving them good coaching advice that help them to understand why East West Bank have a differentiated better values when it compared with the other -- some of our peer banks. So rather than some of the banks, the minute they heard about, well, there may be potentially a U.S.-China tariff issue and they start walking away from [names], we in fact were able to embrace some of these clients; but structure



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the transaction differently or structure the loan differently or actually help them to expand better in the United States, whatnot. I think those are the kind of things that can help East West actually do better. And going back to that hurricane situation, I think when it comes to the U.S.-China tariff dispute, if President Trump is going to do what he claims he's going to do, the impact to the U.S. economy and to the global economy is going to be really substantial in a year or 2 from now. So it's kind of like people that move to a nice neighborhood not knowing there is a flush zone, and then they got -- they're the one that got themselves in trouble, standing up at the top of the rooftop and say that I need help. There's going to be a lot of banks out there who actually say that while they have nothing to -- tariff really have nothing to do with us. In fact, these tariffs right now has basically permeated throughout many industries in the United States. But the impact may not come in another year or 2. And so those are the kind of things that we at East West Bank look at this information on a daily basis. I feel pretty comfortable that we'll be able to manage that risk. And not only just manage the risk, but take advantage of that risk and turn it in into opportunities.

Matthew John Keating - Barclays Bank PLC, Research Division - Director & Senior Analyst

Well, everyone obviously has different views on the tactics that President Trump is taking around the trade tariff rhetoric. In the past, I think, East West had the view that, ultimately, there would be -- it's sort of a negotiating position, right, you start very hard and then you find a pragmatic solution. The longer that this goes on, do you think there's less of a chance of that? Do you still think that's the main framework for the current language we have around trade and tariffs, et cetera?

Dominic Ng - East West Bancorp, Inc. - Chairman, President & CEO

I still believe that it's going to come to an end. It's just a matter of timing. It's just having these sort of like tariffs that hitting against both sides really, first of all, is not sustainable because it will have enormous impact for many business. The global supply chain is working out such that many of these sort of like imports and exports, it's just a component that affects certain industries. You have construction industry right now, contractors worrying about paying a substantial higher cost for materials like steel and concrete. There's all kinds of stuff, little components hiding in different places that affect business that normally, we don't have enough, I think, media that are really highlighting that detail. But frankly, it's interesting that if you look at the Chinese stock market, it's taking a much harder hit with these tariffs. And then many people may look at this well because they are predominantly an export business; well, not only that but because the news there really highlight the specific challenges that may affect business. And then, therefore, everyone react to it. But in the United States, everybody's just pretty much saying that, oh, this is just minor. That has nothing to do with us. It will have a lot to do with everybody. So ultimately, it will be -- like a poker game, eventually, has to come to an end. And I hope it will be like maybe late November. But you know, I was wrong before, I thought it would really be sooner. So we'll see. Worst case will be 2 years.

Matthew John Keating - Barclays Bank PLC, Research Division - Director & Senior Analyst

Well, I promised to limit myself to 2 questions around China. And so we'll move forward to a topic maybe closer to home, namely, economic trends within California, where the bank does operate over 80 branch locations. Maybe you can talk, I mean, this might be somewhat related to China, but how about the ports, have you seen any impacts on the ports area there from this? And -- or maybe more generally too, though, in addition to the ports talk about general economic optimism among your clients in California, and what you're seeing on that front?

Dominic Ng - East West Bancorp, Inc. - Chairman, President & CEO

Well, in terms of the port, there are still tremendous volumes. In fact, interesting enough, because of the tariffs, it actually accelerated a lot of the export and import for the first 2 quarters. So when you looked at, wow, our GDP is going really well, economic -- overall U.S. economic conditions really well; well, because a lot of business are stocking inventory. We have clients that are big in the importing of seafood, and they've been buying a lot of frozen shrimp around the world, basically stocking it up in anticipation of potential tariffs that may be coming. So when you're seeing that people are buying warehouse, they're stocking additional inventory, they are accelerating a lot of the purchase in the first 2 quarters in anticipation of tariff in the next 12 months. So some of those economic strength may have to do with just shifting revenues a little bit ahead of its curve. Now as long as we got this tariffs situation resolved within the next 2 years, I think that the impact to the overall economy may not be that severe. So --



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but if it prolong, then I would say that, that may have some challenges. So as of today, I really haven't seen any major concern in California. But in general, the -- our overall California economy has been very vibrant. The high tech, clean tech, biotech, those business are going very strong. Digital media, going really strong. And entertainment industry, this year's going to be a record year of box office ticket sales. So if you look at all those industry that affect California, that's going strong. And then if you look at real estates, whether it's single-family homes or commercial real estate, the value is still up there. So if you look at all of that, you got all the positive signs out there in California.

Matthew John Keating - Barclays Bank PLC, Research Division - Director & Senior Analyst

That's great. How about on the competitive environment for loans, are you seeing structures or pricing within some of your competitors in California that don't make sense? Or you've been pleased with how the competitive environment for loans has been holding up thus far?

Dominic Ng - East West Bancorp, Inc. - Chairman, President & CEO

Well, I think when it comes to commercial real estate, it started, even 2 or 3 years ago, getting very competitive in 2 things: one is pricing is thin. The second thing is that I think 2 or 3 years ago, I saw a lot more from large banks to small community banks to just put out 10-year fixed rate. Most of them are not even putting swap in. We do 10-year fix with our customers, but we always require a swap. So that has been going on for a while. So in fact that's why the last 2 or 3 years, we have not been growing our commercial real estate loan portfolio aggressively. We have plenty of great clients that like to do business with us, but we were very selective. And today, we still stay in the same position trying to be selective. So I would say that from a pricing point of view, it is -- continue to be somewhat aggressive out there. But if you ask me about, are any of the banks from the large banks to small banks taking an aggressive stand in loan-to-value? The answer is not. I didn't see that 2 or 3 years ago. I still haven't seen it today. Now keep in mind though, real estate prices have continued going up, so while you're still going into a much more conservative loan-to-value, with the price going up, I think the downside risk, obviously, in today's environment is likely higher than the upside potential, simply because the price can only go up so much.

Matthew John Keating - Barclays Bank PLC, Research Division - Director & Senior Analyst

Switching gears a bit. In late July, East West was informed by the Fed that it had terminated its BSA/AML enforcement orders against the institution. Does anything change from a strategic standpoint following these orders being lifted?

Dominic Ng - East West Bancorp, Inc. - Chairman, President & CEO

Not that much because I think even late last year, I mean, in the third or fourth quarter last year, I've already said that it's going to be business as usual. Because while it would take some time for the regulators to officially lift the order. The fact is that, we have already done everything we needed to do. We felt that we have a very, very strong BSA program. And so we even -- in the latter part of last year, we started switching gear to put our investment and resources into other areas. So the areas that we're working on, in fact, the asset today is still more or less the same set, the overall risk management, both credit and operational risk. At these kind of like booming economic time, I look back from 2009 to today, it's been 9 years of strong economic growth, both -- and if you look at stock market, you look at real estate prices, so everything is good. Unemployment rate coming down. And finally, finally, the interest rates started creeping up. So all signs point to, maybe within the next year or 2 or 3, there may be a dip. And we'd rather be spending a lot more time to prepare for that. So both from a credit risk management side and then also operational risk management side, we are putting a little bit more focus and emphasis and

resources in building up that infrastructure. And that, we will continue to do. We also, with our expansion continue to offer more products and a little bit more sophisticated services to our clientele. And that, we continue to build up that service capabilities. And besides these 2, we continue to hire more people, whether it's in New York, in Texas and California, but more so in the Greater China region. We just brought in, a year ago, a new CEO in -- for our Greater China region. We have a new CEO in China. And so we are building up that capabilities, making sure that we have the right team in place to properly service our evolving, growing, more sophisticated client base. So those are all the kind of things that we're working



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on. And then last but not least, we are putting some meaningful amount of investment into a new digital banking platform for our unique demographic customer base.

Matthew John Keating - Barclays Bank PLC, Research Division - Director & Senior Analyst

Great. At this point, I'd like to transition to the audience response questions. If we could please bring those up. And the first question for the audience would be, over the next year, how do you expect East West stock price to perform relative to the regional bank index? And Choice 1 is outperform, Choice 2 is in line and Choice 3 is underperform. So we'll take a few seconds to vote.

(Voting)

Matthew John Keating - Barclays Bank PLC, Research Division - Director & Senior Analyst

And the results are in and they show that the audience expects East West share price, 52% to outperform, followed by 32% in line.

We'll move to the next question, please.

Do you expect East West to engage in M&A in the near term? Choice 1 is, yes, as an acquirer; Choice 2 is, yes, as a potential seller; and Choice 3 is no. And we'll take a few seconds to vote.

(Voting)

Matthew John Keating - Barclays Bank PLC, Research Division - Director & Senior Analyst

And despite the BSA/AML orders being lifted, a full 75% do not think the bank is likely to engage in M&A near term. 19% think the bank could potentially be an acquirer.

And I think we talked about, hey, it's really the status quo, and I think in the past, you've said, hey, there's no earth-shattering need at the bank to go out and acquire someone unless someone really wants to partner with the company. Is that still the same view at the organization?

Dominic Ng - East West Bancorp, Inc. - Chairman, President & CEO

We have always been shareholders friendly, so we don't do deals just to do deals. So -- and then one of the biggest advantages for East West is how we have always been able to consistently grow our business organically. So I've been with the bank for over 2 decades, and we always have the ability to grow organically. So that's why, in a way, this internal competition makes it hard for us to justify paying a big premium for acquisition. But we're not shying away from looking at an acquisition. If I look back, when did I ever make a big impact when it comes to acquisition? I remember when I first bought East West Bank in 1991. It was May 31, 1991, I paid \$40 million for East West Bank. It was a savings and loan. But in 1 month, 10 days, I doubled the size of the bank because [RTC] had something for sale, that allowed me to double the size without paying anything. So of course, I did it. So in 2008, we doubled the size again because -- 2009, I'm sorry, 2009, we doubled the size again because FDIC offered us something that -- United Commercial Bank -- that we -- it's hard to refuse. Again, we didn't have to pay anything. So for us to make a big acquisition, usually it comes to the time that the economy has to get uglier. So right now, it's just things are too good.

Matthew John Keating - Barclays Bank PLC, Research Division - Director & Senior Analyst

All right. Next question, please. What do you consider to be East West's greatest competitive advantage: one, its bridge banking model between the U.S. and China; two, its focus on serving the Asian-American community; three, leveraged to higher interest rates; four, above-average loan growth; or five, its efficient operations, which are producing a comparably healthy profitability metrics today. And we'll take a few seconds to vote.



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(Voting)

Matthew John Keating - Barclays Bank PLC, Research Division - Director & Senior Analyst

And the audience views East West's greatest competitive advantage to be -- Choice 1 is actually the most popular, it's bridge banking model, followed by its focus on the Asian-American communities. So somewhat kind of related there.

Maybe we can talk about the Asian-American community focus, and how it relates to deposits in particular. And whether or not you feel that's helping to keep deposit pricing at bay, as some of your clients, obviously, bank with the organization for things other than purely price on the deposit side?

Dominic Ng - East West Bancorp, Inc. - Chairman, President & CEO

Yes, I think that for our Asian-American customers that have been with the bank for many years, there's that loyalty. And also, I mean many of them really, really appreciate the services that we provide to them because we understand the needs and make sure that we have products that fit their requirement. And for those customers, there are many of them are not out there shopping for the highest rates. So we feel pretty confident that we would not have to really push the deposit rate way up there, because these customers are not going to be just shopping for the best rate and then ask East West to match. That being said, we are moving our rate up because you cannot -- just because the customer have been with us for a long time, we expect loyalty. And because our service is at such a premium or whatever, that abuse our customers. We have always been a very, very customer-centric organization. When the rates start going up, we do not offer the highest rate, but we try and offer a fair rate. So somewhere in between. So we continue to look at the market and see where the rates are going. And when -- when we see that rates are going way up there, there are still going to be large banks down here, but many of these model banks are hitting the rate up there. We're trying to stay somewhere in between. And that's why we've continued to use that strategy. And making sure that when we present the rate to some of these customers, they don't think that we're taking advantage of them too much. That kind of stuff.

Matthew John Keating - Barclays Bank PLC, Research Division - Director & Senior Analyst

Right. Now if we go back to 2004/2006, that a kind of period when rates were last increasing before the current interest rate cycle. East West client base had a -- or East West deposit base had a fair amount, more CDs than it goes today. Would you say that your customers tend to have a preference for CDs at some point? And now that CDs are reaching a certain rate, are you seeing more of your core customer base looking to maybe mix shift out of traditional core deposits and into time deposits? Maybe you could just comment briefly on what you're seeing on that front?

Dominic Ng - East West Bancorp, Inc. - Chairman, President & CEO

Yes. In fact, well, first of all, our deposit mix hasn't changed dramatically from 2004/2006, very, very dramatically. And that has to do with the growth of the commercial banking business. And the vast majority of this DDA growth for the last several years has to do with the commercial banking business that we brought in. We as you know that we have developed these industry verticals: entertainment industry, private equity, capital call line and then high tech, clean tech, biotech. As we are building up these industry verticals, we have commercial clients that have DDA. These are sort of day-to-day operating accounts that we're getting. So that would not change. Now there are also, I would say, a portion of that DDA accounts that related to our customers that, frankly, when rate were at 25 basis points, they said, I don't really care about getting 25 basis points, might as well put in DDA accounts. And then today, with the rates now moving up above, like close to 2%, they are interested in trying to do something. And so we will see that maybe there is going to be a slight decrease of DDA accounts that migrate to CDs. I don't expect to be a huge percentage flowing through.



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Matthew John Keating - Barclays Bank PLC, Research Division - Director & Senior Analyst

Great. So last quarter, the bank did increase its NIM outlook to the high end of its prior guidance range for both reported and adjusted NIM perspective. However, it also made the comment that it remains cautious with respect to its NIM outlook. So given broad expectations for the September rate hike, the bank's still fairly asset sensitive, can you maybe put into context what the bank meant in terms of caution around net interest margin outlook going forward? Julianna?

Julianna Balicka - East West Bancorp, Inc. - Director of Strategy & Corporate Development

Yes, I think that the caution around our net interest margin outlook was twofold: one, we benefited in the first 2 quarters from LIBOR moving ahead of fed funds. And in our forecasting assumptions, we assume a more historical relationship between LIBOR and fed funds. So we were not banking on LIBOR moving ahead of fed funds for our guidance. So that was one area, which turned out to have been somewhat directionally correct for this quarter. And the other area where we were cautious was deposit cost. We knew at the beginning of the year -- we felt at the beginning of the year, that there would be an inflection point in the deposit costs coming at some point; we just didn't know when. So we were putting in full cycle betas, if you will, into our deposit cost assumption. So I think both of those together kind of combined to our net interest margin guidance. And additionally, in terms of the accretion income, because we guide to the adjusted margin. But on top of that, we also like to point out we assume a declining level of accretion income, because that is a declining level of income.

Matthew John Keating - Barclays Bank PLC, Research Division - Director & Senior Analyst

I guess, given those trends to the extent we see multiple rate hikes in 2019, while maybe less than expansion that we've seen in the past, would you still think that the NIM would still move in an upward trajectory, or do we not want to look out too far at this point?

Julianna Balicka - East West Bancorp, Inc. - Director of Strategy & Corporate Development

I think that we would not want to look out too far at this point.

Matthew John Keating - Barclays Bank PLC, Research Division - Director & Senior Analyst

Okay, that's fair. So Dominic, beyond your responsibilities as Chairman and CEO, you recently added back to your title the role of President. How are you managing these additional responsibilities? You mentioned some of the recent hires in China that you've made, which I'm sure is helping. But maybe you can just talk in general how the team is running today et cetera?

Dominic Ng - East West Bancorp, Inc. - Chairman, President & CEO

Well, we have been very unfortunate for the last few years. In fact over the last several years, while we continue to have this very nice organic growth, and we were able to continue to recruit senior banking talents and, well, Julianna being one, used to be with KBW. So she's now with us. We have sort of like many more people who found our East West vision and our strategic direction sound, and that they wanted to be part of the East West Bank. So we were able to, very fortunately, recruit quite a few people from other banks, some of which we assigned in various different functions in the senior level. So with me actually taking on the additional president title, actually all I did was just the commercial banking, the frontline, a few folks there, that are now reporting back to me. They've always been reporting to me for many years until the last 22 months. So now they're back reporting to me again. But from the back office side, like some of these product managers and so forth, they used to report to Irene Oh, our CFO and now report back to her again. And then we also hired a new Chief Risk Officer not that long ago, and he's taking on the credit side; and in addition to enterprise risk management. So we just pretty much have like a few more senior executives taking on additional larger role, which I think is healthy, because I like to have more of them to take on more responsibilities to give me and the board a better look about how they can take on bigger leadership.



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Matthew John Keating - Barclays Bank PLC, Research Division - Director & Senior Analyst

Great. So Dominic, 2 years ago when you came to this conference, we talked about loan growth expectations for the back half of 2016. And at that point, you were thinking around 6% loan growth, around that range. This year, in 2018, you're still thinking for the full year that the bank's likely to see almost double-digit loan growth, somewhere around the 10% neighborhood. So here's my question for you, is the economy in your markets significantly stronger today or do you attribute this faster growth to the East West bankers doing a better job of identifying and executing on opportunities? Why do you think that growth has accelerated a bit?

Dominic Ng - East West Bancorp, Inc. - Chairman, President & CEO

Well, I think -- mainly, it has to do with our single-family mortgages, which is a very unique thing about East West. Many of you know that we, the majority of our single-family loans originations had been targeting to the -- our core customer base in the retail side, which is predominantly Chinese-Americans, that the average loan to values is about 50%. So most of them have either 40% to 50% down payment. And these are the type of unique niches, unique loans that we've been originating. Now why is it more today than 2 years ago? Well, I think it really has to do with -- it's not because the demand is much higher in the market. In fact, I would say that demand may be even higher in the market -- was higher in the market in 2016 than 2018. But our team getting stronger. And the outreach to the real estate brokers, I mean, the real estate agents, the real estate brokers market got stronger. Our branch referral are getting much stronger. So somehow, somewhere, organization-wide continued to improve that process of internal referrals and getting the loans done fast and timely and provide a better service to the customers, which result in more repeated or maybe additional referrals, which cause the volume to continue to go higher and higher. So in fact, if you look at 2018, Julianna, what's -- I think our single-family mortgages have gone substantial higher in terms of percentage than C&I and CRE growth, right?

Julianna Balicka - East West Bancorp, Inc. - Director of Strategy & Corporate Development

Yes. They have been our growth leader year-to-date.

Dominic Ng - East West Bancorp, Inc. - Chairman, President & CEO

Yes. So I think that's the beauty, that incremental difference between, I would say, 2016 and 2018. Single-family mortgages.

Matthew John Keating - Barclays Bank PLC, Research Division - Director & Senior Analyst

Very helpful. Since the room is so full, I did want to open up to -- this time for questions from the audience. So if you could please have the microphone out to address any questions that we have in the room.

Maybe while people are thinking of questions, I'll ask another one. Around the C&I portfolio, I know the bank has kind of gone back and forth around investing in these specialized lending verticals, vis-a-vis focusing on traditional C&I opportunities among its core customer base. And so at the moment, where do you see greater opportunity? Is it within our specialized C&I verticals or are you more focused on growing the traditional C&I activities of the bank?

Dominic Ng - East West Bancorp, Inc. - Chairman, President & CEO

We are focusing on both. But I would expect that in the next 12 months, the traditional C&Is would probably have even stronger momentum. I think that, when I say we focus on both is that the last several years, I spent so much time in building first entertainment than the private equity capital call line and then, the oil and gas energy business. So when we build these industry verticals from scratch and then trying to make sure that every one of them that we built have that unique East West value proposition, where is our connection with potential China investment and so forth? When we do all that, it takes time. And obviously, when -- we've been doing the traditional C&I loans for so many years. And so that the fact



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is, honestly, I'll take 10 minutes to it. Just keep trying to build these other thing, and then just say, you guys just keep running the business. So now since these verticals have sort of like put together and is growing in a very nice way and it's not like that we're in any kind of urgent need to build 4 or 5 new ones. I think, to me, it's time to go back and take a look and see how we can even further enhance our capability, our potential growth opportunity in the traditional C&I. It's very similar like the single-family mortgages. As I said, the market was even better in 2016. We did not have as much volume as we have today. Why? Because we actually spent a little bit more time in strengthening this connection with the branches. And this is something that actually, for the last 12 or 18 months, I personally finally had a chance to work with a single-family mortgage department head. And then connecting with our consumer banking side and say, we can do better. So I mean, those are the kind of things that when we have the time. Frankly, if you look at 2015, I was supposed to work on BSA. So I didn't have much time to focus on other things. So one step at a time. So right now, we have the time, so we feel like it's appropriate to take a look at the traditional C&I and see what we can do. And I think we can do better.

Matthew John Keating - Barclays Bank PLC, Research Division - Director & Senior Analyst

All right. Are there any questions in the room, potentially? In the front here, please.

Unidentified Analyst

Just regarding NIM. It sounds like given some of the conservative assumptions within your guidance that you'd still be comfortable with your NIM guidance for the year?

Julianna Balicka - East West Bancorp, Inc. - Director of Strategy & Corporate Development

Yes, correct. We're still comfortable with 3.75% adjusted NIM for the full year.

Unidentified Analyst

And then a lot of the banks that have been attending the conference have been using this as an opportunity to comment about their expectations about loan growth. What about your comfort with your loan growth guidance for the year?

Dominic Ng - East West Bancorp, Inc. - Chairman, President & CEO

Just whatever we have in the guidance that we had before. And then it's I think what we expected at this point.

Julianna Balicka - East West Bancorp, Inc. - Director of Strategy & Corporate Development

And we will not be changing any guidance components at this conference. And the 10% total loan growth for the full year is one that we're still comfortable with, and we will continue to have this discussion during the quarterly conference calls.

Matthew John Keating - Barclays Bank PLC, Research Division - Director & Senior Analyst

Other questions that might be out there? So we've talked about a lot of things today. One area we haven't focused too much on is fee income. Any initiatives under way to grow the bank's fee income? And what would you characterize as maybe the 1 or 2 top priorities?



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Dominic Ng - East West Bancorp, Inc. - Chairman, President & CEO

I wouldn't call it the top priorities, but we continue to further enhancing our ability to do a better job on -- from the foreign exchange side. We see a lot of potential there. Some of these areas that -- as the business that we're doing at East West, a lot of the customers need foreign exchange support. And we -- internally, while we're building different business and so forth, may not necessarily have done a great job on this internal referrals. But we just see that there's -- these are low-hanging fruits that would be out there. So there's no question that I feel pretty confident that the foreign exchange fee will probably get higher. And then, there are -- the treasury management services, again, servicing our customers on their deposit area that we feel that there's going to be an opportunity for more fee income. And we recently add another small team in terms of doing in addition to interest rate swaps, but also energy commodity swap. So those are little things like that. A little bit of this, a little bit -- nothing that we're trying to go in and do, go crazy and speculate like a large bank. But then, it's really providing the appropriate service for our customers. So one little step at a time. And then, of course, on the wealth management area, we are not a bank that are big in the wealth management, assets under management, that kind of stuff. But we have enough of those customers that we will be able to generate additional fee income. And then I expect that, that should continue.

Matthew John Keating - Barclays Bank PLC, Research Division - Director & Senior Analyst

Great. We have time for 1 last question, if there is any in the room.

All right. Well, please join me in thanking Dominic and Julianna for their time this morning.

Dominic Ng - East West Bancorp, Inc. - Chairman, President & CEO

Thank you.

Matthew John Keating - Barclays Bank PLC, Research Division - Director & Senior Analyst

There will be a breakout session in the Clinton Suite immediately following this.

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