

EWBC Earnings Results

First Quarter 2020

April 23, 2020



EAST WEST BANK
Your financial bridge®

Forward-Looking Statements

Forward-Looking Statements

Certain matters set forth herein (including any exhibits hereto) constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, including forward-looking statements relating to our current business plans and expectations regarding future operating results. Forward-looking statements may include, but are not limited to, the use of forward-looking language, such as “likely result in,” “expects,” “anticipates,” “estimates,” “forecasts,” “projects,” “intends to,” “assumes,” or may include other similar words or phrases, such as “believes,” “plans,” “trend,” “objective,” “continues,” “remains,” or similar expressions, or future or conditional verbs, such as “will,” “would,” “should,” “could,” “may,” “might,” “can,” or similar verbs, and the negative thereof. These forward-looking statements are subject to risks and uncertainties that could cause actual results, performance or achievements to differ materially from those projected. These risks and uncertainties, some of which are beyond our control, include, but are not limited to, the changes and effects thereof in trade, monetary and fiscal policies and laws, including the impact of disease pandemics, such as the novel strain of coronavirus disease (COVID-19), on us, our operations and our customers and employees; changes in the U.S. economy, including an economic slowdown or recession, inflation, deflation, employment levels, rate of growth and general business conditions; fluctuations in our stock price; government intervention in the financial system, including changes in government interest rate policies; changes in income tax laws and regulations; the ongoing trade dispute between the United States (“U.S.”) and the People’s Republic of China; our ability to compete effectively against other financial institutions in our banking markets; success and timing of our business strategies; our ability to retain key officers and employees; impact on our funding costs, net interest income and net interest margin due to changes in key variable market interest rates, competition, regulatory requirements and our product mix; changes in our costs of operation, compliance and expansion; our ability to adopt and successfully integrate new technologies into our business in a strategic manner; impact of benchmark interest rate reform in the U.S. that resulted in the Secured Overnight Financing Rate selected as the preferred alternative reference rate to the London Interbank Offered Rate; impact of failure in, or breach of, our operational or security systems or infrastructure, or those of third parties with whom we do business, including as a result of cyber attacks; and other similar matters which could result in, among other things, confidential and/or proprietary information being disclosed or misused; adequacy of our risk management framework, disclosure controls and procedures and internal control over financial reporting; future credit quality and performance, including our expectations regarding future credit losses and allowance levels; impact of adverse changes to our credit ratings from major credit rating agencies; impact of adverse judgments or settlements in litigation; changes in the commercial and consumer real estate markets; changes in consumer spending and savings habits; impact on our international operations due to political developments, disease pandemics, wars or other hostilities that may disrupt or increase volatility in securities or otherwise affect economic conditions; changes in laws or the regulatory environment including regulatory reform initiatives and policies of the U.S. Department of Treasury, the Board of Governors of the Federal Reserve Board System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the U.S. Securities and Exchange Commission, the Consumer Financial Protection Bureau and the California Department of Business Oversight — Division of Financial Institutions; impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act on our business, business practices, cost of operations and executive compensation; heightened regulatory and governmental oversight and scrutiny of our business practices, including dealings with consumers; impact of reputational risk from negative publicity, fines and penalties and other negative consequences from regulatory violations and legal actions and from our interactions with business partners, counterparties, service providers and other third parties; impact of regulatory enforcement actions; changes in accounting standards as may be required by the Financial Accounting Standards Board or other regulatory agencies and their impact on critical accounting policies and assumptions; impact of other potential federal tax changes and spending cuts; our capital requirements and our ability to generate capital internally or raise capital on favorable terms; impact on our liquidity due to changes in our ability to receive dividends from our subsidiaries; any future strategic acquisitions or divestitures; continuing consolidation in the financial services industry; changes in the equity and debt securities markets; fluctuations in foreign currency exchange rates; a recurrence of significant turbulence or disruption in the capital or financial markets, which could result in, among other things, a reduction in the availability of funding or increases in funding costs, a reduction in investor demand for mortgage loans and declines in asset values and/or recognition of other-than-temporary impairment on securities held in our available-for-sale investment securities portfolio; impact of natural or man-made disasters or calamities, such as wildfires or conflicts or other events that may directly or indirectly result in a negative impact on our financial performance; and other factors set forth in our public reports including our Annual Report on Form 10-K for the year ended December 31, 2019, and particularly the discussion of risk factors within that document. If any of these risks or uncertainties materializes or if any of the assumptions underlying such forward-looking statements proves to be incorrect, our results could differ materially from those expressed in, implied or projected by such forward-looking statements. We assume no obligation to update or revise such forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law.

East West Response to COVID-19

Employees

- Quickly mobilized to assure continuity of business operations and maintain ability to serve customers, with enhanced safety measures at all offices and branches.
- Implemented work from home for associates with jobs that can be performed remotely. Currently, 60% of our 3,200 associates are working remotely.
- Most branch associates placed on rotation schedule. Reduced branch hours; temporarily closed geographically proximate branches.
- Operations support associates with jobs that cannot be performed remotely placed on split-team arrangements.
- Thermal cameras for temperature screening at larger offices.

Customers

Commercial:

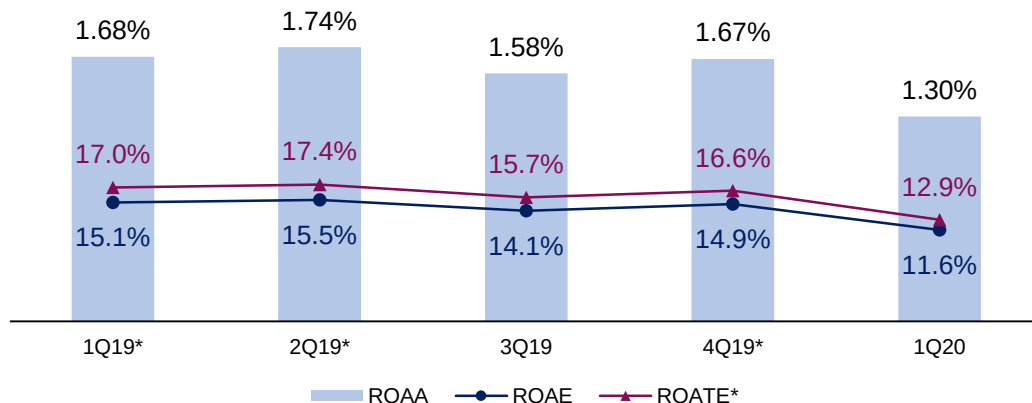
- **SBA Paycheck Protection Program:**
Processed and funded over \$1.5 billion for over 4,500 small to medium-sized businesses and nonprofit organizations between April 3 and April 19.
- Payment accommodations for impacted commercial customers.

Consumer:

- Customers can request mortgage and home equity payment deferrals.
- Paused action on collections & foreclosures; waiver of certain fees.
- No negative credit reporting for payment deferrals.
- Processing Economic Impact Payments for customers.

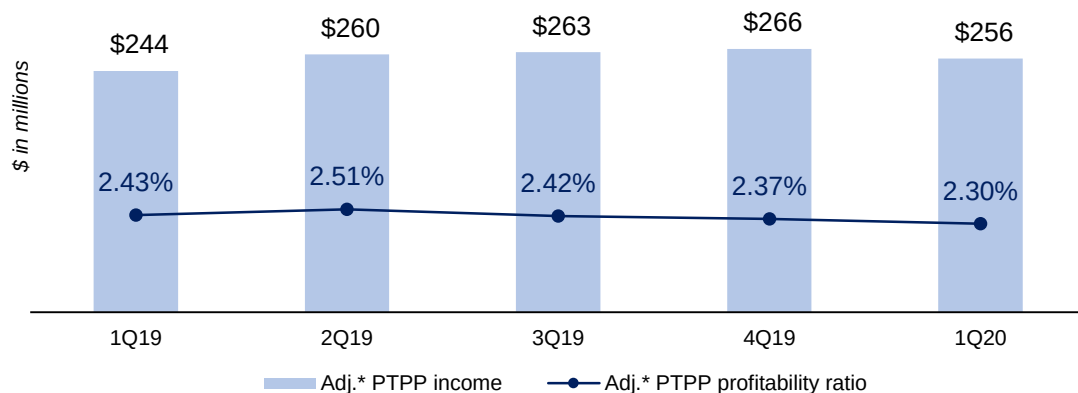
Highlights of First Quarter 2020 Results

Profitability: Returns on Assets & Equity



* See reconciliation of GAAP to non-GAAP financial measures in the appendix and in the Company's Earnings Press Releases. ROAA, ROAE & ROATE adjusted in 1Q19, 2Q19 & 4Q19 for non-GAAP items.

Pre-Tax, Pre-Provision Income & PTPP Ratio



* See reconciliation of GAAP to non-GAAP financial measures in the appendix and in the Company's Earnings Press Releases.

1Q20
Net Income
\$145 million

1Q20
Diluted EPS
\$1.00

Total Revenue
\$417 million

Record Loans
\$35.9 billion

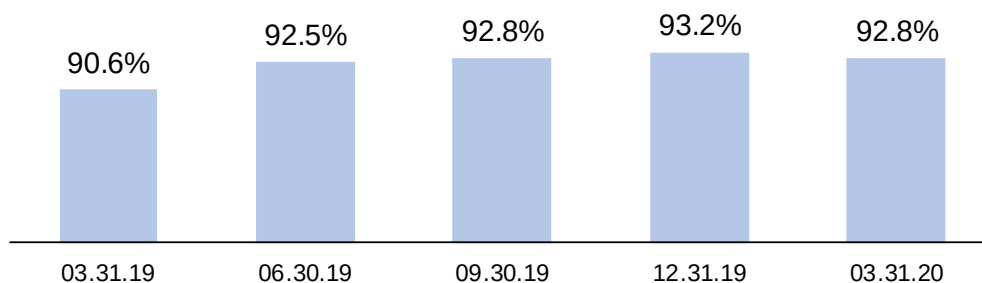
Record Deposits
\$38.7 billion

Adj.* Efficiency Ratio
38.5%

1Q20: Summary Balance Sheet

<i>\$ in millions, except per share data</i>		03.31.20	12.31.19	% Change
Cash equivalents & ST investments	\$	3,374	\$ 3,457	-2%
AFS debt securities & repo assets		4,556	4,177	9%
Gross loans, net of discounts	\$	35,895	\$ 34,779	3%
Allowance for credit losses		(557)	(358)	55%
Net Loans	\$	35,338	\$ 34,421	3%
Other assets		2,681	2,141	25%
Total Assets	\$	45,949	\$ 44,196	4%
Customer deposits	\$	38,687	\$ 37,324	4%
Short-term borrowings		67	29	133%
Debt		1,244	1,093	14%
Other Liabilities		1,048	733	43%
Total Liabilities	\$	41,046	\$ 39,178	5%
Total Stockholders' Equity	\$	4,903	\$ 5,018	-2%

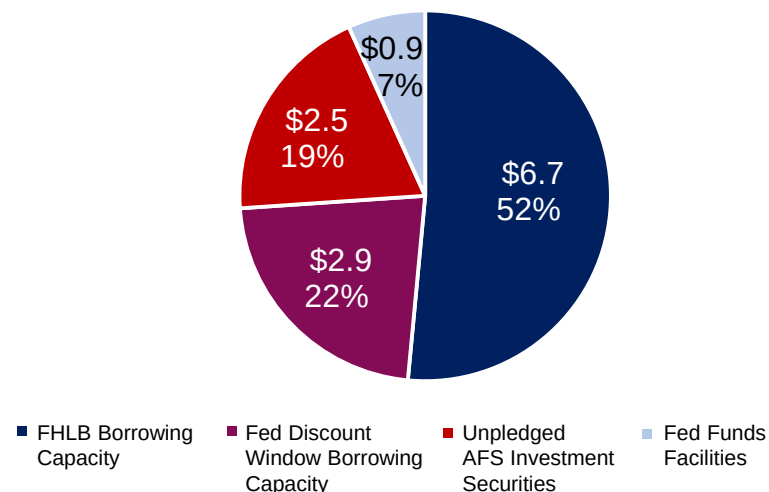
End-of-Period ("EOP") Loan-to-Deposit Ratio



Notable Items

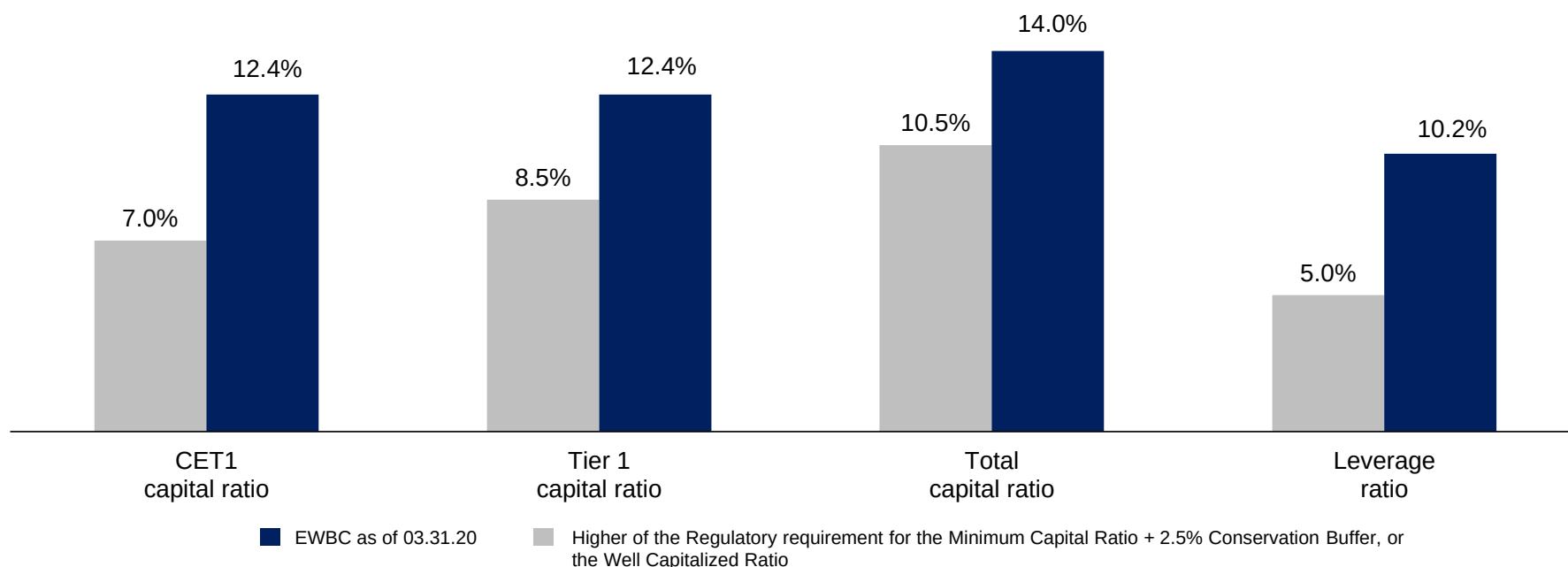
- Strong, well-diversified balance sheet.
- Total loan growth: \$1.1bn, +13% annualized.
- Allowance for credit losses increased to 1.55% of loans: implementation of CECL, plus additional reserve build during 1Q20.
- Total deposit growth: \$1.4bn, +15% annualized.
- Strong liquidity: available borrowing capacity of \$13.0bn as of 03.31.20.

Borrowing Capacity Composition as of 03.31.20
(\$ in billions)



1Q20: Strong Capital Ratios

- Book value per share of \$34.67 as of 03.31.20: +0.6% Q-o-Q and +10% Y-o-Y.
- Tangible equity* per share of \$31.27 as of 03.31.20: +0.4% Q-o-Q and +11% Y-o-Y.
- Capital return to shareholders:
 - Buyback: \$145.9mm, or 4.5mm shares, of common stock repurchased in 1Q20 through 03.16.20.
 - Dividend: Quarterly common stock dividend of 27.5 cents per share, or annualized \$1.10 per share.
- Tangible equity* to tangible assets ratio of 9.7% as of 03.31.20.

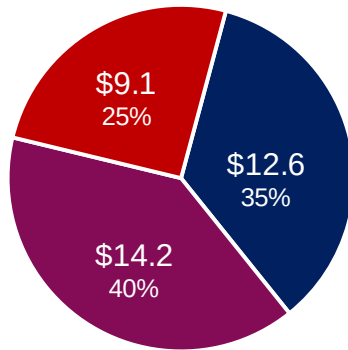


Note: regulatory capital ratios as of 03.31.20 are preliminary.

* See reconciliation of GAAP to non-GAAP financial measures in the appendix of this presentation and in the Company's Earnings Press Releases.

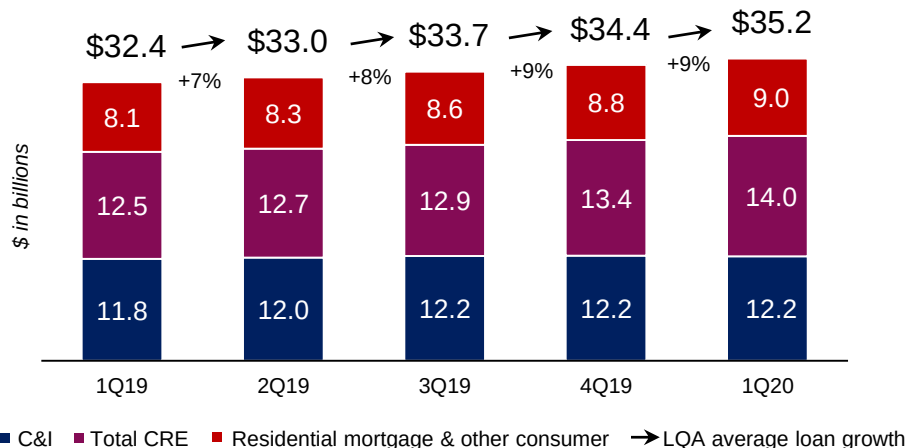
1Q20: Record Loans of \$35.9 billion

Loan Mix as of 03.31.20: \$35.9 billion
(\$ in billions)



■ C&I ■ Total CRE ■ Residential mortgage & other consumer

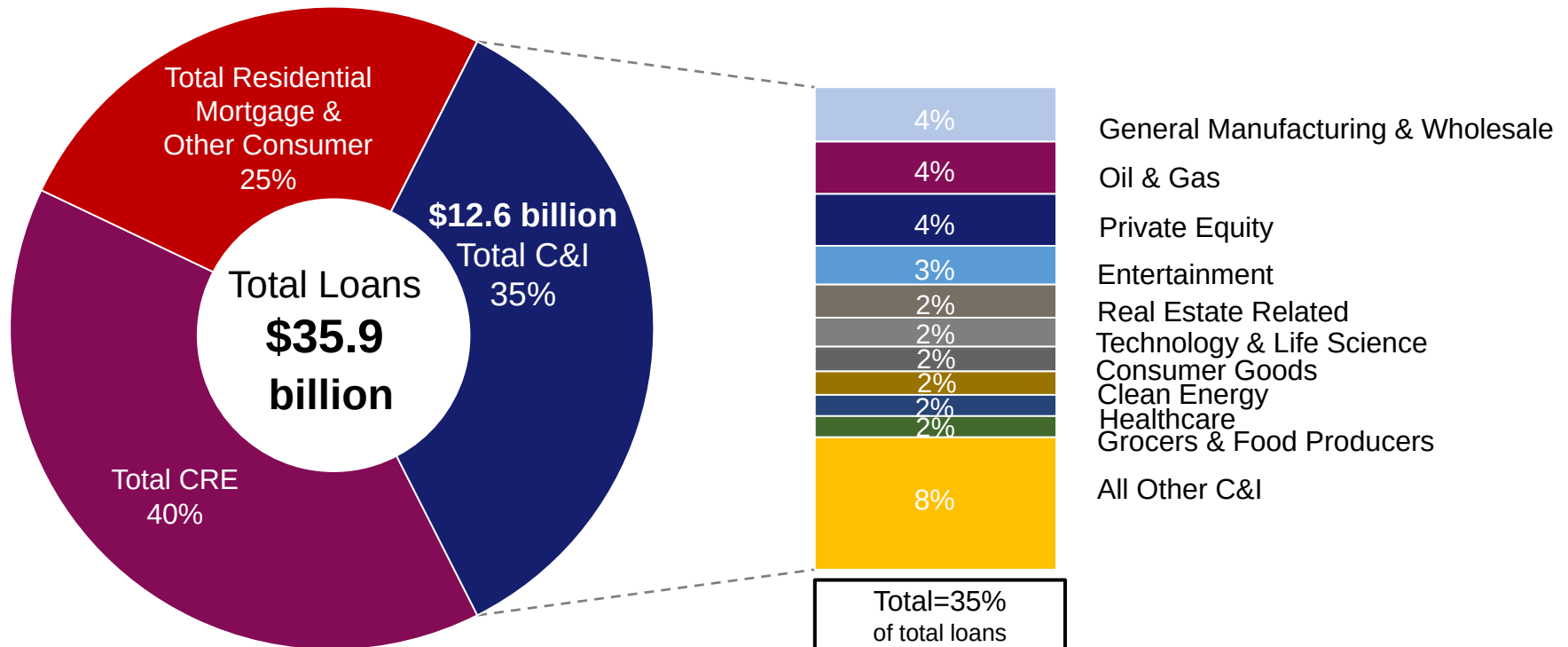
Average Loans & Growth



- **EOP loan growth:** 3% Q-o-Q (+13% LQA).
 - Driven by growth in C&I (+15% LQA), total CRE (+12% LQA) and residential mortgage (+13% LQA).
- **Avg. loan growth:** 2% Q-o-Q (+9% LQA), driven by growth in CRE (+17% LQA) and residential mortgage (+12% LQA).
 - CRE and SFR growth evenly spread throughout quarter.
 - C&I loan growth accelerated in March; on avg. basis, C&I loans declined by -2% LQA.
- **C&I loan line utilization:** increased to 75% as of 03.31.20, up from 71% as of 12.31.19. As of 03.31.20, total C&I commitments of \$16.8bn: \$12.6bn in loans outstanding plus \$4.2bn in undisbursed commitments.
- **Greater China:** \$1.3bn loans outstanding as of 03.31.20, down by \$104mm from 12.31.19. So far, limited credit concerns resulting from the COVID-19 pandemic, and limited requests for loan forbearances.
- **Paycheck Protection Program:** quarter-to-date in 2Q20, funded over \$1.5bn of PPP loans between April 3 and April 19, 2020.

1Q20: Diversified Commercial Loan Portfolio

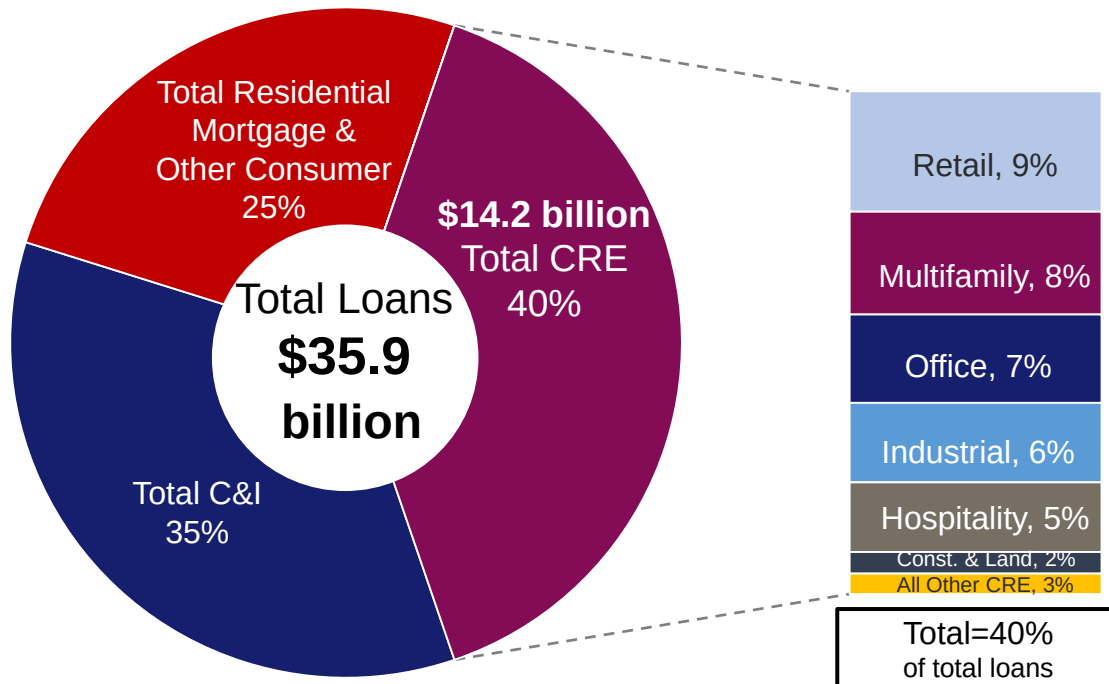
Total Loans: C&I Loans by Industry as % of Total Loans Outstanding (as of 03.31.20)



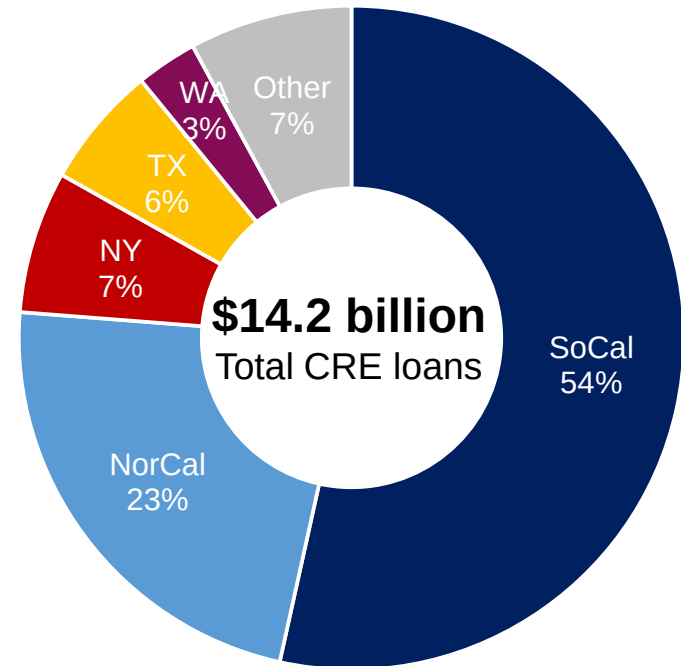
- Travel & Leisure, Hospitality, and Restaurant & Restaurant Supply exposures total less than 1.5% of total loans, combined.
- Oil & Gas exposure:** \$1.4bn loans O/S and \$1.8bn total commitments. Based on commitment, 64% of exposure in upstream (E&P); 27% in midstream & downstream; 9% in oilfield services & other. Production mix: 61% oil; 29% gas; 10% NGL.
 - Hedging:** Production is ~60% oil and ~50% gas hedged for 2020; and ~40% oil and ~30% gas hedged for 2021.
 - Allowance for credit loss coverage:** approx. 8% of the oil & gas portfolio.

1Q20: Well-Balanced Commercial Real Estate Portfolio

Total Loans: Total CRE Loans by Property Type as % of Total Loans Outstanding
(as of 03.31.20)



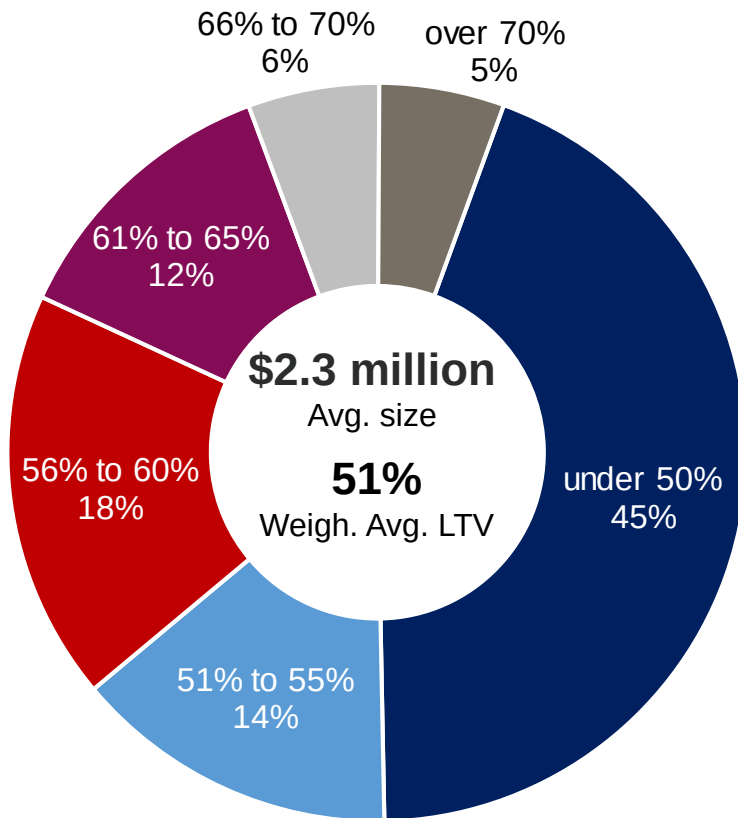
Total CRE Geographic Distribution
(as of 03.31.20)



- FFIEC CRE concentration: 259% of risk-based capital as of 03.31.20, well under 300% threshold.
- Owner-occupied loans in CRE: \$2.1bn, or 6% of total loans outstanding.
- Geographic distribution reflects EWBC's branch footprint.

1Q20: Low LTV Commercial Real Estate Portfolio

LTV Distribution of Total CRE (as of 03.31.20)



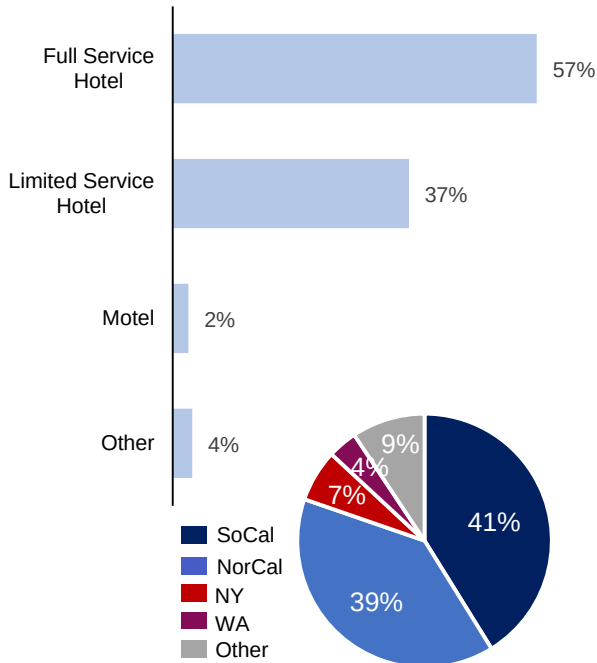
LTV & Size by Property Type (as of 03.31.20)

(\$ in mm)	Average Loan Size	Weight. Avg. LTV
Retail	\$ 2.1 mm	49%
Multifamily	1.2 mm	52%
Office	3.7 mm	51%
Industrial	2.2 mm	52%
Hospitality	8.3 mm	49%
Construction & Land	9.0 mm	54%
Other	2.0 mm	47%
Total CRE	\$ 2.3 mm	51%

1Q20: Selected Commercial Real Estate Portfolios

Hospitality CRE Portfolio* (as of 03.31.20)

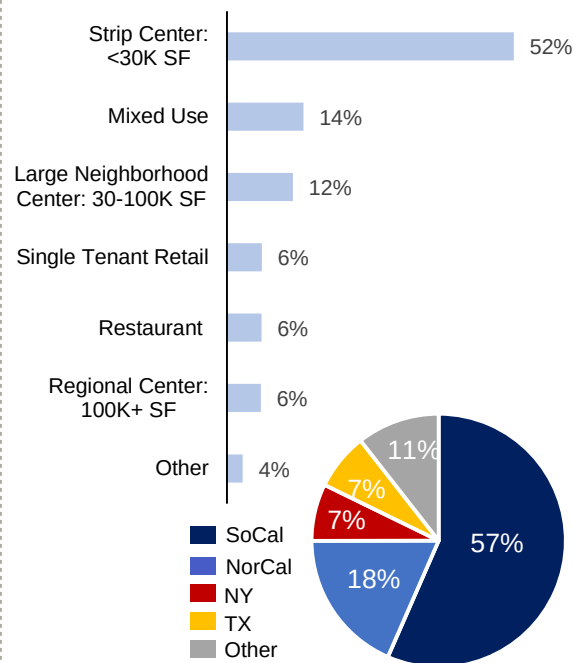
* Distribution based on loans outstanding.



- Low LTV at 49%.
- Partner with experienced hotel operators that have significant invested equity.
- High percentage of hotel loans have personal guarantees from individuals with substantial net worth.

Retail CRE Portfolio* (as of 03.31.20)

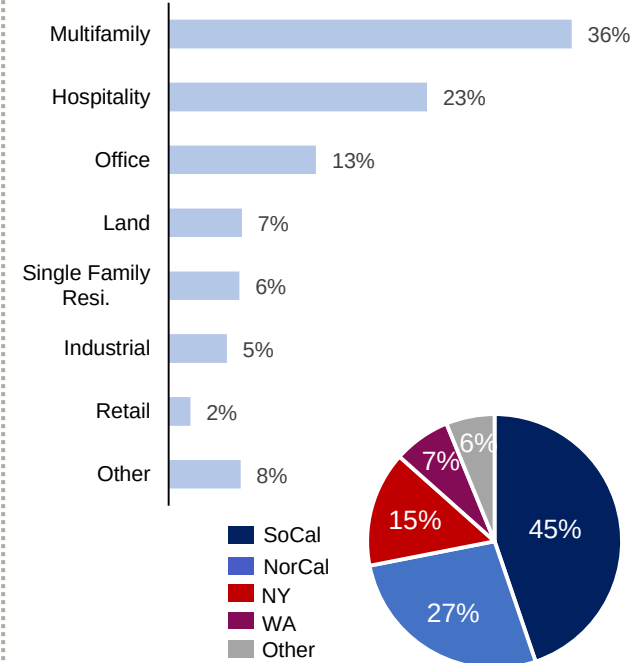
* Distribution based on loans outstanding.



- Low LTV at 49%.
- Small properties and low avg. loan size of \$2.1mm. Avg. size of restaurant loans: \$0.9mm. LTV of restaurant loans: 53%.
- High percentage of retail loans have personal guarantees from individuals with substantial net worth.

Construction & Land Portfolio* (as of 03.31.20)

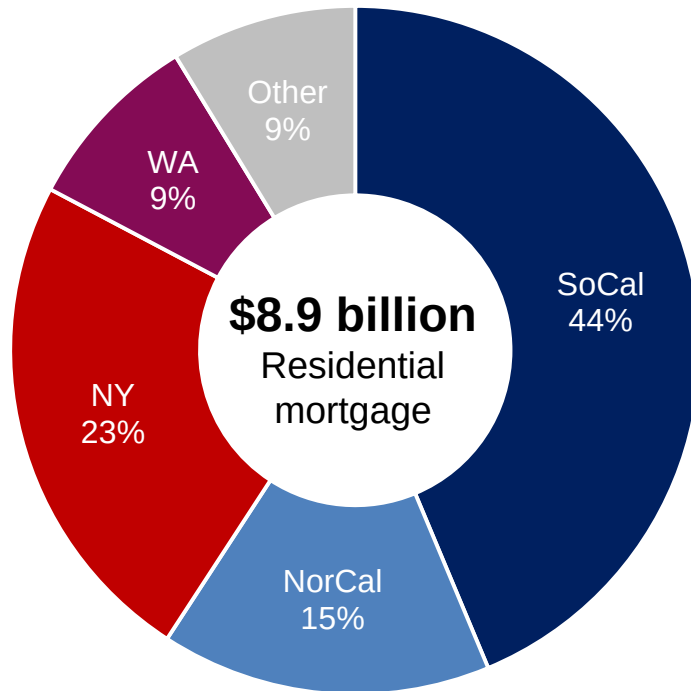
* Construction & Land portfolio distribution based on total commitments.



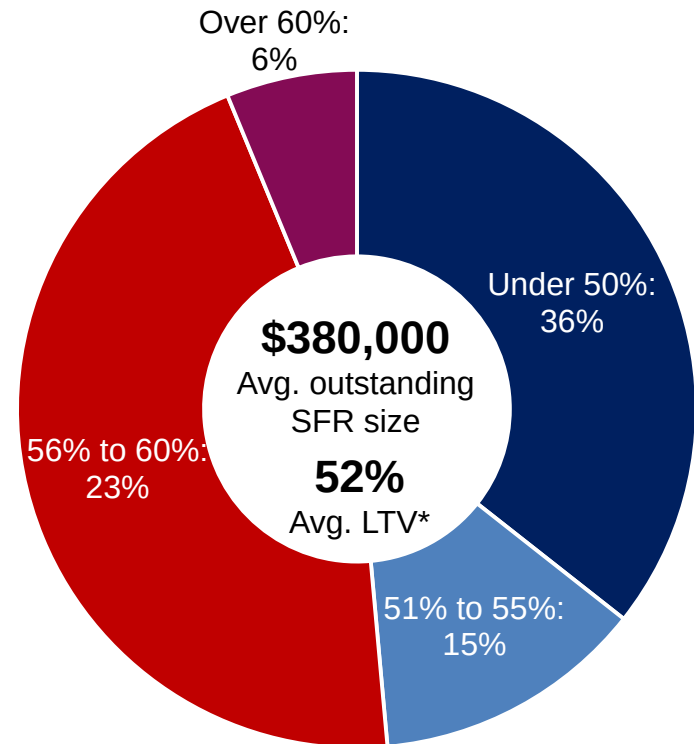
- Low LTV at 54% based on commitment.
- Construction & land portfolio of \$606mm, plus unfunded commitments related to construction: \$326mm, for total construction & land exposure of \$932mm.
- High percentage of loans to guarantors with substantial net worth.

1Q20: Low LTV Single Family Mortgage Portfolio

Geographic Distribution of Residential Mortgage (as of 03.31.20)



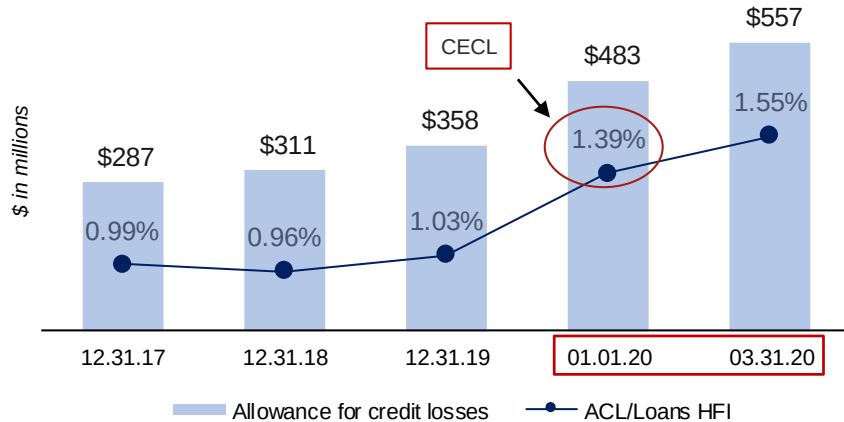
SFR LTV Distribution (as of 03.31.20)



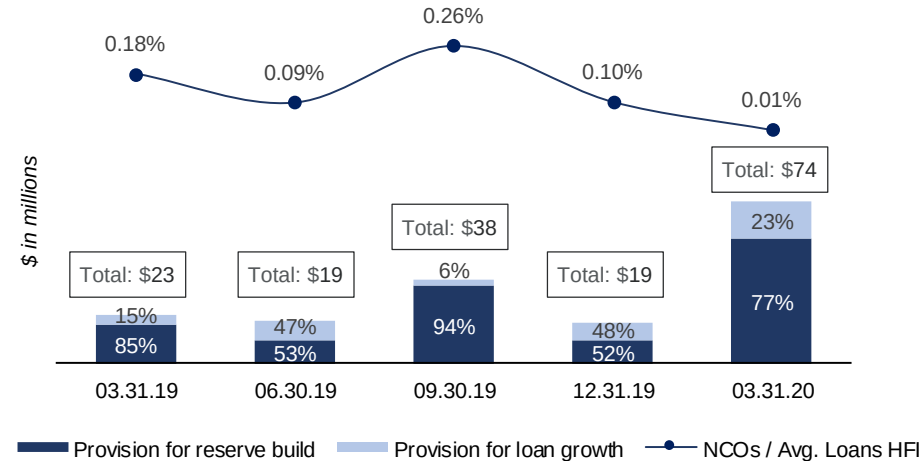
- Residential mortgage: \$7.4bn of single-family residential (SFR) mortgages and \$1.5bn of HELOCs, primarily originated through East West branches and their local networks of real estate professionals.
- SFR origination volume of \$640mm in 1Q20, on par with record 4Q19 originations; 51% of 1Q origination volume in fixed-rate.
- Refinance transactions increased to 62% of origination volume in 1Q20, up from run-rate of 50% previously.
- In response to shelter-in-place orders, migrated to a digital application process. Over 90% of applications are now received digitally. As a result, loan production has been able to continue through March and in April.

1Q20: Allowance for Credit Losses & Credit Costs

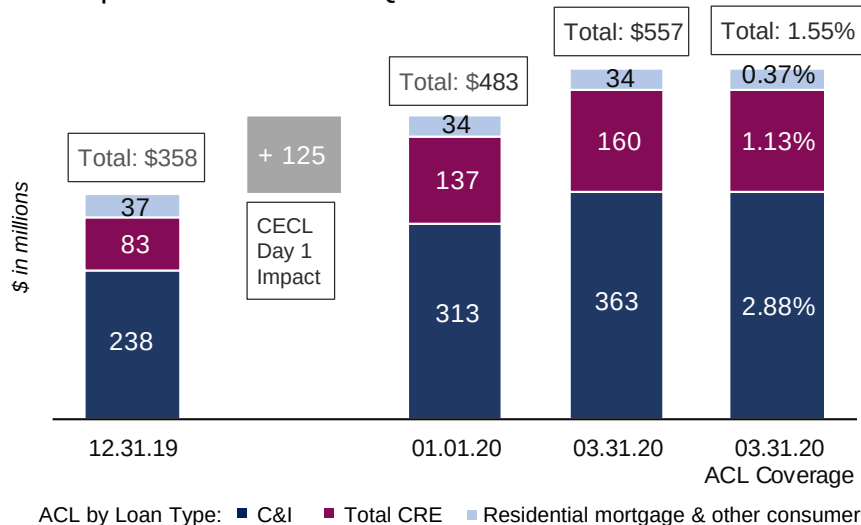
Allowance for Credit Losses (“ACL”) Coverage Ratio



Provision for Credit Losses: Reserve Build vs. Loan Growth



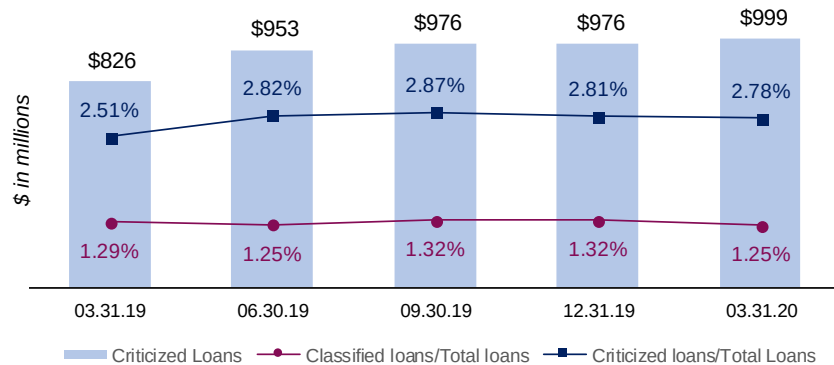
Composition of ACL in 1Q20:



- Allowance coverage of loans HFI: 1.55% as of 03.31.20, compared to 1.03% as of 12.31.19.
 - Adoption of the new CECL accounting standard on 01.01.20: increased ACL coverage of loans HFI to 1.39%.
 - Portfolios driving increase: oil & gas; CRE: hospitality & retail.
 - Added \$10.5mm to the allowance for unfunded credit commitments with adoption of CECL.
- 1Q20 provision for credit losses of \$73.9mm:
 - Reserve build: 77% of 1Q20 provision attributable to reserve build, primarily driven by deteriorating macroeconomic conditions and outlook as a result of the COVID-19 pandemic.
 - Growth: 23% of 1Q20 provision attributable to net loan growth.
 - 1Q20 NCOs of only \$0.9mm.

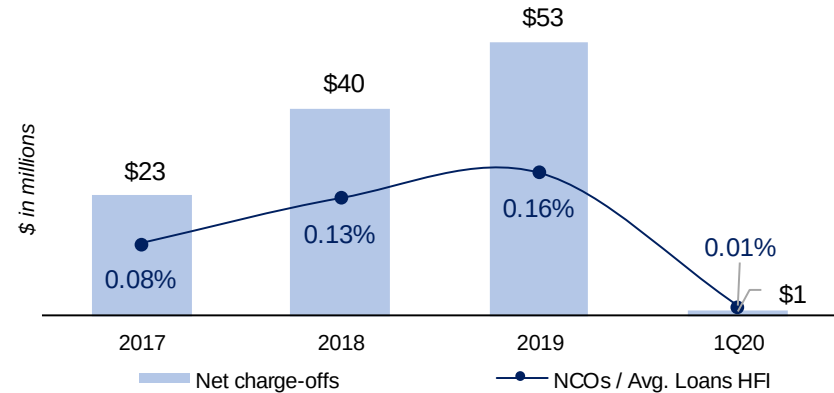
1Q20: Asset Quality Metrics

Criticized Loans & Criticized Loan Ratios

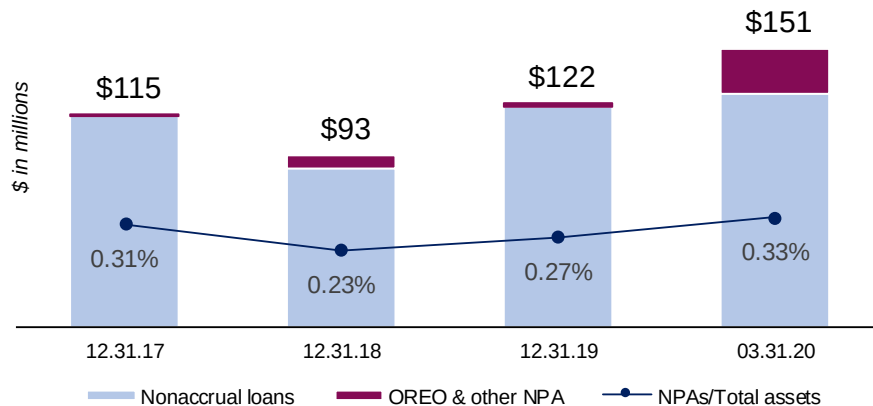


Classified loans: loans classified as substandard, doubtful and loss.
Criticized loans: classified loans plus special mention loans.

Net Charge-offs ("NCO") & NCO Ratio



Nonperforming Assets ("NPA")* & NPA Ratio

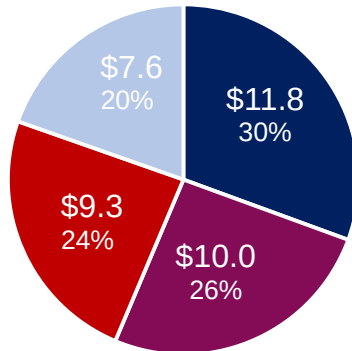


* Nonaccrual loans prior to January 1, 2020 include only Non-PCI nonaccrual loans due to adoption of ASU 2016-13 on January 1, 2020. Please see the Company's Earnings Press Release Table 9.

- Other than the increase to the allowance for credit losses in 1Q20, as of 03.31.20, the impact of the pandemic crisis was not yet evident in other asset quality metrics, which remained strong:
 - 1Q20 NCO ratio: 0.01% of avg. loans HFI annualized. Gross charge-offs of \$13.0mm nearly entirely offset by recoveries of \$12.1mm in the quarter.
 - Gross charge-offs: \$12.0mm from C&I, \$1.0mm from CRE.
 - Main recoveries: \$10.2mm from total CRE, \$1.6mm from C&I.
 - NPAs/Total assets as of 03.31.20: 0.33%, vs. 0.27% as of 12.31.19 or 0.33% as of 03.31.19.
 - Nonaccrual loans/Loans HFI as of 03.31.20: 0.35%, vs. 0.35% as of 12.31.19 or 0.42% as of 03.31.19.

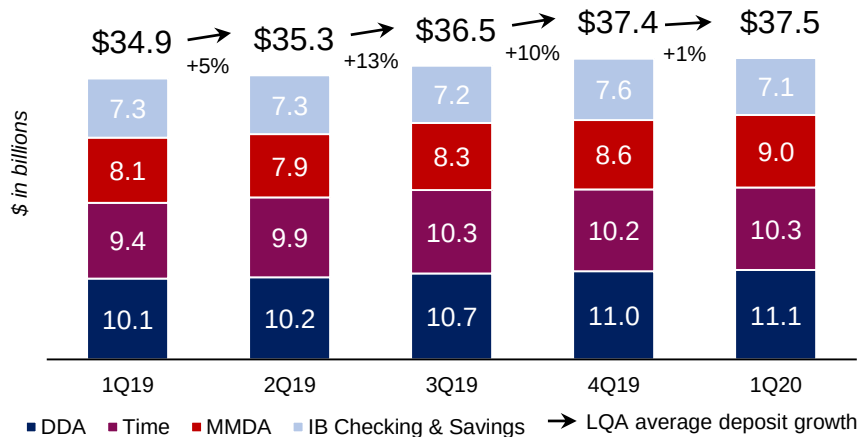
1Q20: Record Deposits of \$38.7 billion

Deposit Mix as of 03.31.20: \$38.7 billion
(\$ in billions)



■ DDA ■ Time ■ MMDA ■ IB Checking & Savings

Average Deposits



- **EOP loan-to-deposit ratio** of 92.8% as of 03.31.20.
- **EOP deposit growth** of 4% Q-o-Q (+15% LQA).
- **Avg. deposit growth** of 0.2% Q-o-Q (+1%).
 - Growth in avg. MMDA: \$421mm (+20% LQA).
 - Growth in avg. DDA: \$141mm (+5% LQA).
 - Growth in avg. time: \$83mm (+3% LQA).
 - Change in avg. IB checking: -\$539mm (-39% LQA).
 - Change in avg. savings: -\$43mm (-8% LQA).

■ Maturing CDs in 2020, as of 03.31.20:

- 2Q20: \$3.6bn @ blended rate of 1.53%.
- 3Q20: \$2.0bn @ blended rate of 1.57%.
- 4Q20: \$1.4bn @ blended rate of 1.44%.

■ Originations & renewals of CDs YTD:

- Feb. 2020: \$1.5bn @ blended rate of 1.21%.
- Mar. 2020: \$1.6bn @ blended rate of 0.83%.
- MTD in Apr. 2020: \$0.7bn @ blended rate of 0.40%.
- The month-over-month decline in CD pricing reflects fed funds rate cuts of 150 bps in March 2020.

- Repricing of maturing CDs to lower rates will continue to decrease deposit costs.

1Q20: Summary Income Statement

<i>\$ in millions, except per share data</i>	1Q20	4Q19	\$ Change	% Change
Net Interest Income	\$ 362.7	\$ 368.2	\$ (5.5)	-1%
Fee income & net gains on sales of loans*	54.4	52.5	1.9	4%
Other	(0.4)	10.5	(10.9)	-104%
Total Noninterest Income*	\$ 54.0	\$ 63.0	\$ (9.0)	-14%
Adjusted noninterest expense	\$ 160.6	\$ 165.3	\$ (4.7)	-3%
Amortization of tax credit & other investments + core deposit intangibles	18.3	28.1	(9.8)	-35%
Total Noninterest Expense	\$ 178.9	\$ 193.4	\$ (14.5)	-7%
Provision for credit losses	\$ 73.9	\$ 18.6	\$ 55.3	298%
Income tax expense	19.2	31.1	(11.9)	-38%
Net Income	\$ 144.8	\$ 188.2	\$ (43.4)	-23%
Diluted EPS	\$ 1.00	\$ 1.29	\$ (0.29)	-22%
Operating EPS	\$ 1.00	\$ 1.28	\$ (0.28)	-22%
Weigh. Avg. Diluted Shares (in mm)	145.3	146.3	(1.0)	-1%

Notable Items

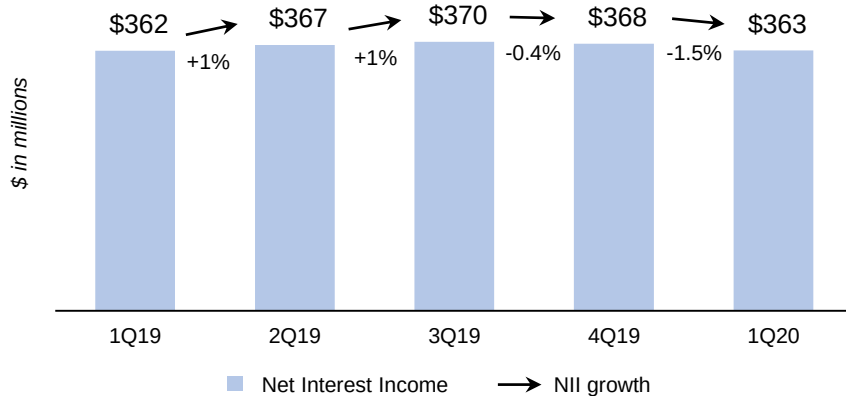
- Q-o-Q decline in noninterest income driven by a negative change to the credit valuation adjustment related to interest rate swaps. This reflects the decline in long-term interest rates during the quarter.
- 1Q20 effective tax rate: 12%.
4Q19 effective tax rate: 14%.
- 1Q20 EPS: \$1.00.
- Weighted average diluted shares decreased by 1% due to share repurchase activity.
- **2020 outlook:** temporarily withdrawn due to the economic uncertainties impacted by the COVID-19 pandemic.

* See slide 19 for noninterest income detail by category.

** See reconciliation of GAAP to non-GAAP financial measures in the appendix of this presentation and in the Company's Earnings Press Releases.

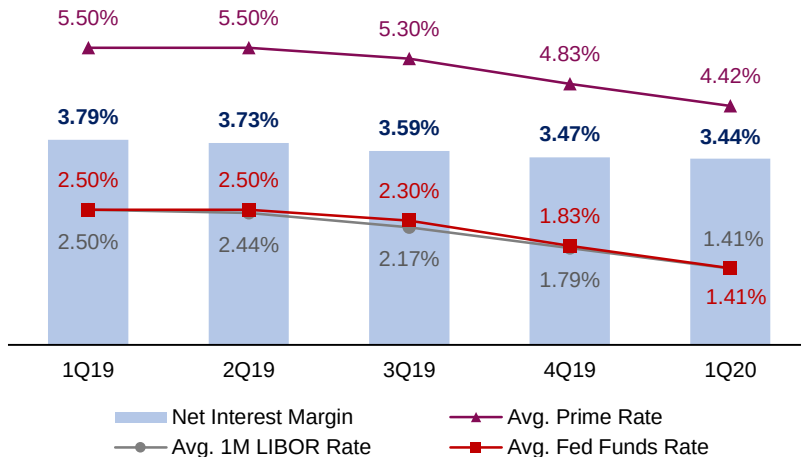
1Q20: Net Interest Income & Net Interest Margin

Net Interest Income

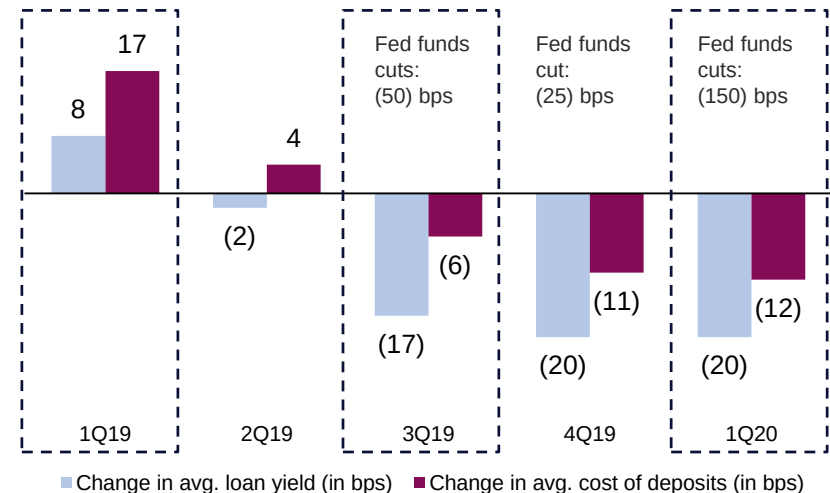


- 1Q20 NII: \$362.7mm, down by \$5.5mm or 1.5% Q-o-Q.
- 1Q20 NIM: 3.44%, down 3 bps Q-o-Q.
- Against a backdrop of materially lower interest rates in 1Q20, declines in earning asset yields were largely offset by decreases in the cost of funds.
- Impact to NIM from change in yields & rates (Q-o-Q):
 - 11 bps from lower loan yields, incl. fees & discounts.
 - 1 bps from lower other earning asset yields.
 - 3 bps from balance sheet mix shift.
 - +12 bps from lower funding costs.

NIM relative to Fed Funds, Prime Rate & 1M LIBOR

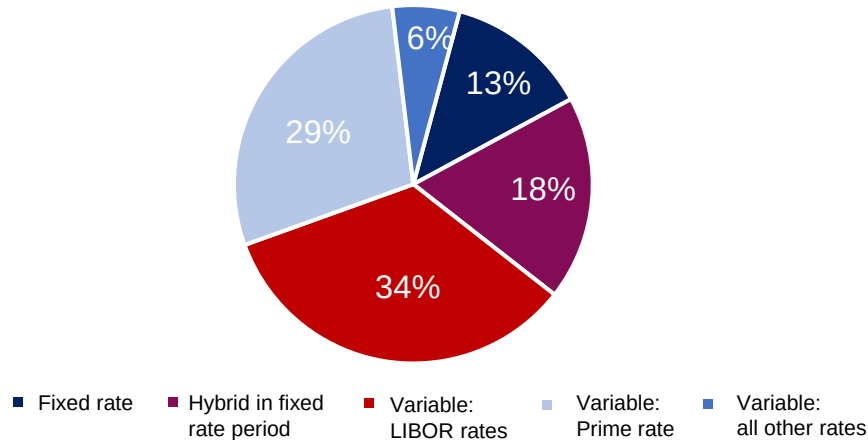


Q-o-Q Change in Avg. Loan Yield & Cost of Deposits



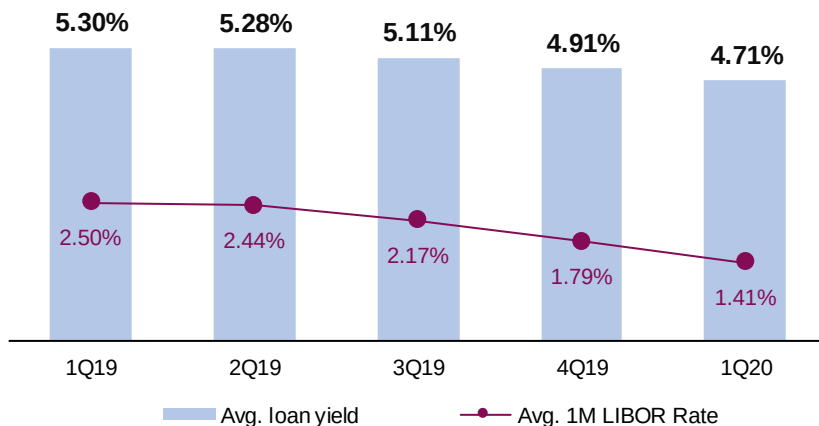
1Q20: Net Interest Margin: Yields & Rates

Loan Portfolio Distribution by Index Rate as of 03.31.20

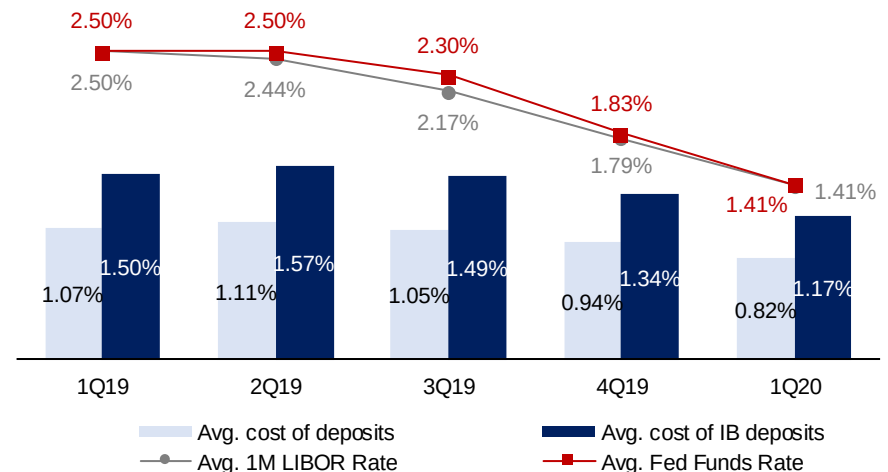


- **1Q20 avg. loan yield:** 4.71%, down 20 bps Q-o-Q.
 - Change in monthly loan yields between Mar. & Feb. 2020:
 - Monthly SFR loan yield essentially unchanged
 - 30 bps decline in monthly C&I loan yield.
 - Loans: 31% fixed & 69% variable-rate as of 03.31.20.
- **1Q20 avg. cost of deposits:** 0.82%, down 12 bps Q-o-Q. 1Q20 avg. cost of IB deposits: 1.17%, down 17 bps Q-o-Q.
 - **Cost of total deposits** as of 03.31.20: 0.58%, down 32 bps Q-o-Q and down 28 bps M-o-M. QTD as of 04.21.20: 0.51%.
 - **Cost of IB deposits** as of 03.31.20: 0.84%, down 44 bps Q-o-Q and down 39 bps M-o-M. QTD as of 04.21.20: 0.78%.

Average Loan Yield

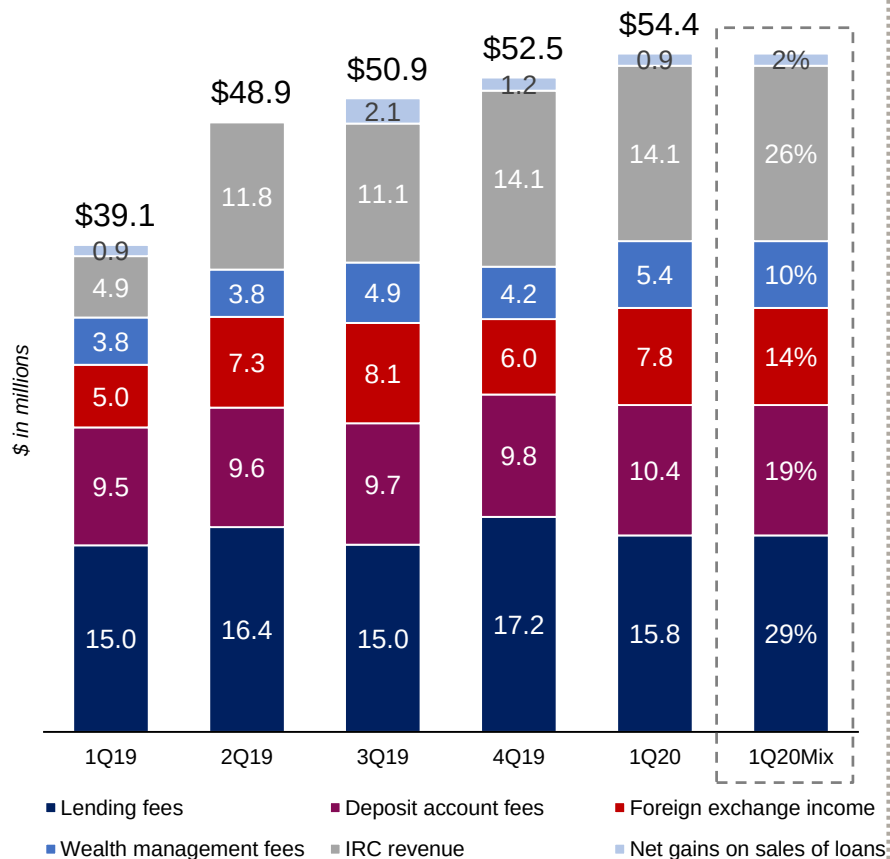


Avg. Cost of Deposits Relative to Fed Funds & 1M LIBOR



1Q20: Noninterest Income Detail

Fee Income & Net Gains on Sales of Loans *



* Fee income excludes: credit valuation adjustment ("CVA") related to interest rate contracts ("IRC") and other derivatives; net gains on sales of securities; gains on sale of fixed assets, and other income.

Total noninterest income: \$54.0mm in 1Q20 vs. \$63.0mm in 4Q19.

- **Fee income and net gains on sales of loans: \$54.4mm in 1Q20, up \$1.9mm or +4% Q-o-Q.**
- **IRC and other derivative income of \$7.1mm in 1Q20:**
 - Customer-driven IRC revenue of \$14.1mm was steady Q-o-Q; reflects strong customer demand for interest rate hedging products.
 - Credit valuation adjustment of \$(7.0)mm, Q-o-Q change of \$10.7mm, driven by decline in long-term interest rates.
- Foreign exchange fees: \$7.8mm in 1Q20, +\$1.8mm Q-o-Q.
- Wealth management fees: \$5.4mm in 1Q20, +\$1.1mm Q-o-Q.
- Lending fees: \$15.8mm in 1Q20, -\$1.5mm Q-o-Q.

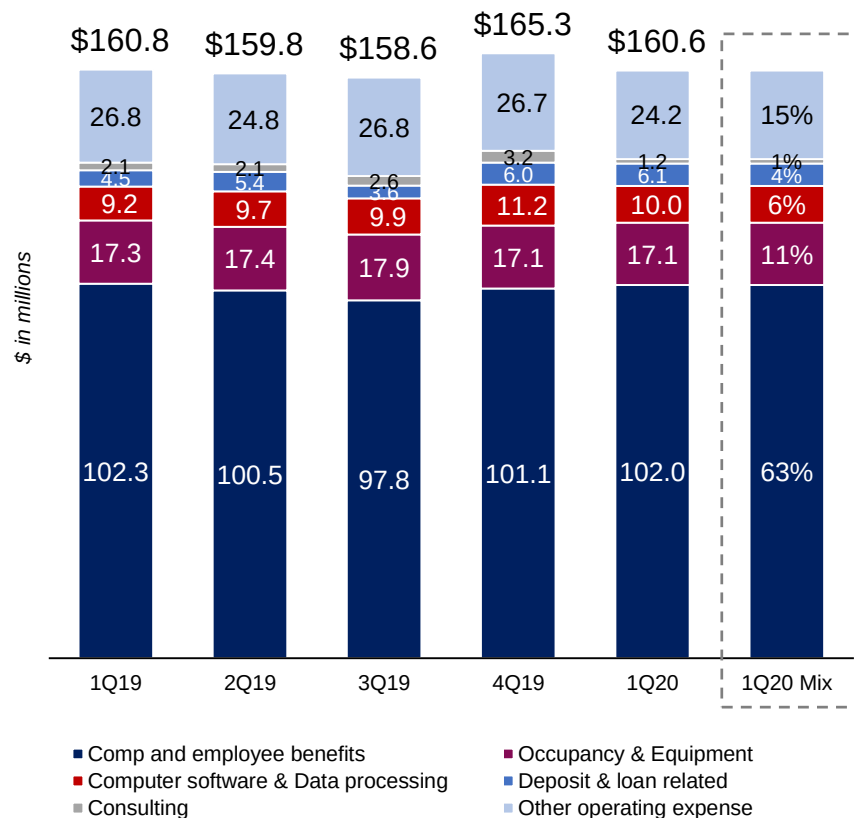
Interest Rate Contracts and Other Derivative Income Detail

(\$ in millions)	1Q19	2Q19	3Q19	4Q19	1Q20
Revenue	\$ 4.9	\$ 11.8	\$ 11.1	\$ 14.1	\$ 14.1
CVA	(1.7)	(1.4)	(2.7)	3.7	(7.0)
Total	\$ 3.2	\$ 10.4	\$ 8.4	\$ 17.8	\$ 7.1

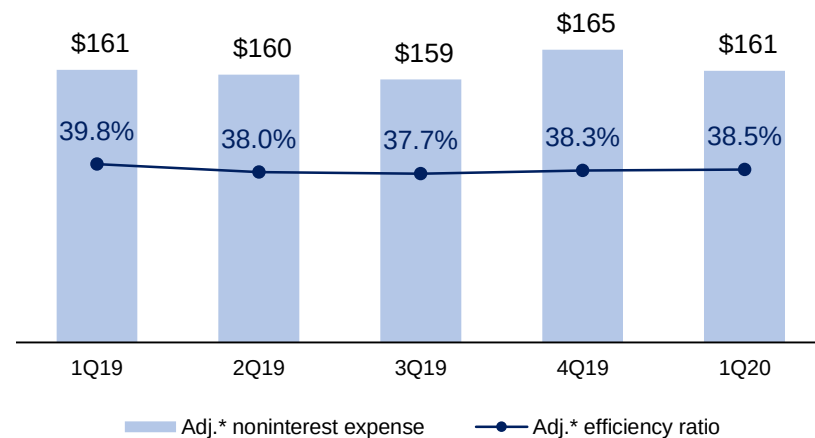
- Revenue – interest rate contracts and other derivatives transaction fees.
- CVA – related to interest rate contracts and other derivatives.

1Q20: Operating Expense & Efficiency

Adjusted* Noninterest Expense



Noninterest Expense & Efficiency Ratio



- 1Q20 total noninterest expense: \$178.9mm, decrease of 7% Q-o-Q and decrease 4% Y-o-Y.
- 1Q20 adj.* noninterest expense: \$160.6mm, decrease of 3% Q-o-Q and flat Y-o-Y. Largest Q-o-Q decrease in other operating expense.
- 1Q20 compensation & employee benefits expense: \$102.0mm, increase of 1% Q-o-Q due to seasonally higher payroll expenses in 1Q, and essentially flat Y-o-Y.
- Essentially stable 5-quarter adj.* efficiency ratio range of 37.7% to 39.8%.

*See reconciliation of GAAP to non-GAAP financial measures in the appendix of this presentation and in the Company's Earnings Press Releases.

APPENDIX

Appendix: GAAP to Non-GAAP Reconciliation

EAST WEST BANCORP, INC. AND SUBSIDIARIES

GAAP TO NON-GAAP RECONCILIATION

(\$ in thousands, except per share data)

(unaudited)

During the first and fourth quarters of 2019, the Company recorded a \$7.0 million pre-tax impairment charge and \$1.6 million pre-tax impairment recovery related to the DC Solar tax credit investments ("DC Solar"), respectively. Management believes that presenting the computations of the adjusted net income, adjusted diluted earnings per common share, adjusted return on average assets and adjusted return on average equity that adjust for the above discussed non-recurring items provides clarity to financial statement users regarding the ongoing performance of the Company and allows comparability to prior periods.

	Three Months Ended		
	March 31, 2020	December 31, 2019	March 31, 2019
Net income	(a) \$ 144,824	\$ 188,215	\$ 164,024
Add: Impairment charge related to DC Solar ⁽¹⁾	—	—	6,978
Less: Impairment recovery related to DC Solar ⁽¹⁾	—	(1,583)	—
Tax effect of adjustment ⁽²⁾	—	468	(2,063)
Adjusted net income	(b) \$ 144,824	\$ 187,100	\$ 168,939
Diluted weighted-average number of shares outstanding	145,285	146,318	145,921
Diluted EPS	\$ 1.00	\$ 1.29	\$ 1.12
Diluted EPS impact of impairment charge related to DC Solar, net of tax	—	—	0.04
Diluted EPS impact of impairment recovery related to DC Solar, net of tax	—	(0.01)	—
Adjusted diluted EPS	\$ 1.00	\$ 1.28	\$ 1.16
Average total assets	(c) \$ 44,755,509	\$ 44,471,242	\$ 40,738,404
Average stockholders' equity	(d) \$ 5,022,005	\$ 4,977,759	\$ 4,537,301
Return on average assets ⁽³⁾	(a)/(c) 1.30 %	1.68 %	1.63 %
Adjusted return on average assets ⁽³⁾	(b)/(c) 1.30 %	1.67 %	1.68 %
Return on average equity ⁽³⁾	(a)/(d) 11.60 %	15.00 %	14.66 %
Adjusted return on average equity ⁽³⁾	(b)/(d) 11.60 %	14.91 %	15.10 %

(1) Included in *Amortization of tax credit and other investments* on the Consolidated Statement of Income.

(2) Applied statutory rates of 28.35% for the three months ended March 31, 2020, and 29.56% for each of the three months ended December 31, 2019 and March 31, 2019.

(3) Annualized.

Appendix: GAAP to Non-GAAP Reconciliation

EAST WEST BANCORP, INC. AND SUBSIDIARIES

GAAP TO NON-GAAP RECONCILIATION

(\$ in thousands)

(unaudited)

Adjusted efficiency ratio represents adjusted noninterest expense divided by revenue. Adjusted pre-tax, pre-provision profitability ratio represents revenue less adjusted noninterest expense, divided by average total assets. Adjusted noninterest expense excludes the amortization of tax credit and other investments and the amortization of core deposit intangibles. Management believes that the measures and ratios presented below provide clarity to financial statement users regarding the ongoing performance of the Company and allow comparability to prior periods.

		Three Months Ended		
		March 31, 2020	December 31, 2019	March 31, 2019
Net interest income before provision for credit losses	(a)	\$ 362,707	\$ 368,219	\$ 362,461
Total noninterest income		54,049	63,013	42,131
Total revenue	(b)	\$ 416,756	\$ 431,232	\$ 404,592
Total noninterest expense	(c)	\$ 178,876	\$ 193,373	\$ 186,922
Less: Amortization of tax credit and other investments		(17,325)	(27,038)	(24,905)
Amortization of core deposit intangibles		(953)	(1,044)	(1,174)
Adjusted noninterest expense	(d)	\$ 160,598	\$ 165,291	\$ 160,843
Efficiency ratio	(c)/(b)	42.92 %	44.84 %	46.20 %
Adjusted efficiency ratio	(d)/(b)	38.54 %	38.33 %	39.75 %
Adjusted pre-tax, pre-provision income	(b)-(d) = (e)	\$ 256,158	\$ 265,941	\$ 243,749
Average total assets	(f)	\$ 44,755,509	\$ 44,471,242	\$ 40,738,404
Adjusted pre-tax, pre-provision profitability ratio ⁽¹⁾	(e)/(f)	2.30 %	2.37 %	2.43 %
Adjusted noninterest expense ⁽¹⁾/average assets	(d)/(f)	1.44 %	1.47 %	1.60 %

(1) Annualized.

Appendix: GAAP to Non-GAAP Reconciliation

EAST WEST BANCORP, INC. AND SUBSIDIARIES

GAAP TO NON-GAAP RECONCILIATION

(\$ in thousands)

(unaudited)

The Company uses certain non-GAAP financial measures to provide supplemental information regarding the Company's performance. Tangible equity and tangible equity to tangible assets ratio are non-GAAP financial measures. Tangible equity and tangible assets represent stockholders' equity and total assets, respectively, which have been reduced by goodwill and other intangible assets. Given that the use of such measures and ratios is more prevalent in the banking industry, and such measures and ratios are used by banking regulators and analysts, the Company has included them below for discussion.

		<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Stockholders' equity	(a)	\$ 4,902,985	\$ 5,017,617	\$ 4,591,930
Less: Goodwill		(465,697)	(465,697)	(465,697)
Other intangible assets ⁽¹⁾		(14,769)	(16,079)	(21,109)
Tangible equity	(b)	<u>\$ 4,422,519</u>	<u>\$ 4,535,841</u>	<u>\$ 4,105,124</u>
Total assets	(c)	\$ 45,948,545	\$ 44,196,096	\$ 42,091,433
Less: Goodwill		(465,697)	(465,697)	(465,697)
Other intangible assets ⁽¹⁾		(14,769)	(16,079)	(21,109)
Tangible assets	(d)	<u>\$ 45,468,079</u>	<u>\$ 43,714,320</u>	<u>\$ 41,604,627</u>
Total stockholders' equity to total assets ratio	(a)/(c)	<u>10.67 %</u>	<u>11.35 %</u>	<u>10.91 %</u>
Tangible equity to tangible assets ratio	(b)/(d)	<u>9.73 %</u>	<u>10.38 %</u>	<u>9.87 %</u>

(1) Includes core deposit intangibles and mortgage servicing assets.

Appendix: GAAP to Non-GAAP Reconciliation (cont'd)

EAST WEST BANCORP, INC. AND SUBSIDIARIES
GAAP TO NON-GAAP RECONCILIATION
(\$ in thousands)
(unaudited)

Adjusted return on average tangible equity represents adjusted tangible net income divided by average tangible equity. Adjusted tangible net income excludes the after-tax impacts of the amortization of core deposit intangibles and mortgage servicing assets, impairment charge/(recovery) and the reversal of certain previously claimed tax credits related to DC Solar (where applicable). Given that the use of such measures and ratios is more prevalent in the banking industry, and such measures and ratios are used by banking regulators and analysts, the Company has included them below for discussion.

	Three Months Ended		
	March 31, 2020	December 31, 2019	March 31, 2019
Net Income	\$ 144,824	\$ 188,215	\$ 164,024
Add: Amortization of core deposit intangibles	953	1,044	1,174
Amortization of mortgage servicing assets	584	567	324
Tax effect of adjustments ⁽²⁾	(436)	(476)	(443)
Tangible net income	(e) \$ 145,925	\$ 189,350	\$ 165,079
Add: Impairment charge related to DC Solar ⁽³⁾	—	—	6,978
Less: Impairment recovery related to DC Solar ⁽³⁾	—	(1,583)	—
Tax effect of adjustment ⁽²⁾	—	468	(2,063)
Adjusted tangible net income	(f) \$ 145,925	\$ 188,235	\$ 169,994
Average stockholders' equity	\$ 5,022,005	\$ 4,977,759	\$ 4,537,301
Less: Average goodwill	(465,697)	(465,697)	(465,559)
Average other intangible assets ⁽¹⁾	(15,588)	(16,793)	(21,860)
Average tangible equity	(g) \$ 4,540,720	\$ 4,495,269	\$ 4,049,882
Return on average tangible equity ⁽⁴⁾	(e)/(g) 12.93 %	16.71 %	16.53 %
Adjusted return on average tangible equity ⁽⁴⁾	(f)/(g) 12.93 %	16.61 %	17.02 %

(1) Includes core deposit intangibles and mortgage servicing assets.

(2) Applied statutory rates of 28.35% for the three months ended March 31, 2020, and 29.56% for each of the three months ended December 31, 2019 and March 31, 2019.

(3) Included in *Amortization of tax credit and other investments* on the Consolidated Statement of Income.

(4) Annualized.