EWBC Earnings Results

Fourth Quarter and Full Year 2021

January 27, 2022

EAST WEST BANK
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Forward-Looking Statements

Forward-Looking Statements

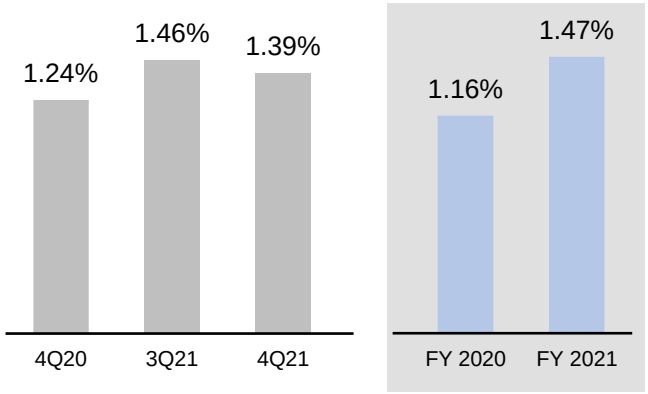
This presentation contains forward-looking statements that are intended to be covered by the safe harbor for such statements provided by the Private Securities Litigation Reform Act of 1995. These statements are based on the current beliefs and expectations of the management of East West Bancorp, Inc. (the "Company") and are subject to significant risks and uncertainties. You should not place undue reliance on these statements. Factors that could cause the Company's actual results to differ materially from those described in the forward-looking statements include, among others, changes in the U.S. economy or local, regional and global business, economic and political conditions and geopolitical events; the impacts of the ongoing COVID-19 pandemic; changes in laws or the regulatory environment, including trade, monetary and fiscal policies and laws; and changes in the commercial and consumer real estate markets and in consumer spending and savings habits. These factors also consist of those contained in the Company's filings with the Securities and Exchange Commission, including the "Risk Factors" section of the Company's Annual Report on Form 10-K for the year ended December 31, 2020. When considering these forward-looking statements, you should keep in mind these risks and uncertainties, as well as any cautionary statements the Company may make. These statements speak only as of the date they are made and are based only on information then actually known to the Company. The Company does not undertake to update any forward-looking statements except as required by law.

Non-GAAP Financial Measures

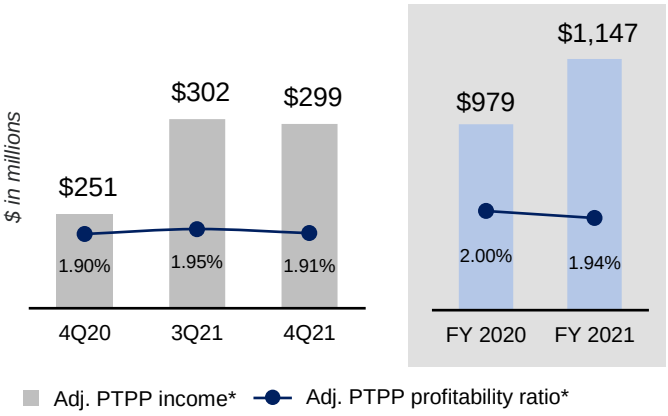
Certain financial information in this presentation has not been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and is presented on a non-GAAP basis. Investors should refer to the reconciliations included in this presentation and should consider the Company's non-GAAP measures in addition to, not as a substitute for or superior to, measures prepared in accordance with GAAP. These measures may not be comparable to similarly titled measures used by other companies.

Highlights of Fourth Quarter and Full Year 2021

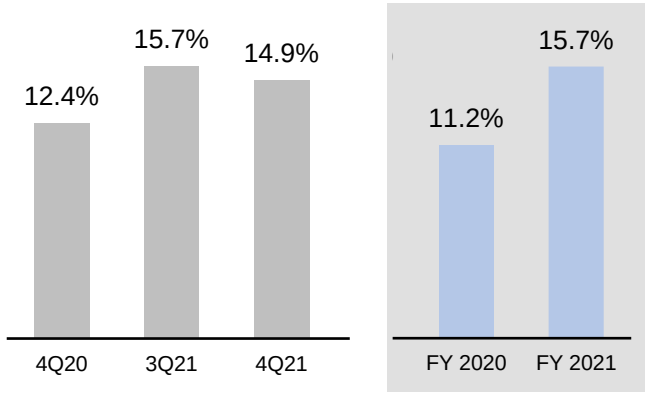
Return on Average Assets



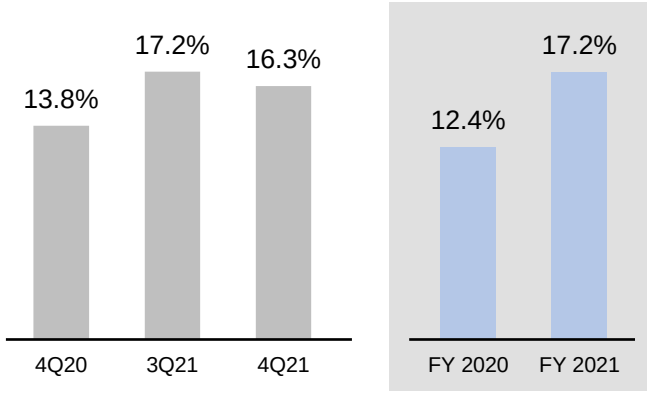
Adjusted Pre-Tax, Pre-Provision Income* & Profitability Ratio*



Return on Average Equity



Return on Average Tangible Equity*



4Q21 Net income
$218 million

2021 Net income
$873 million

4Q21 Diluted EPS
$1.52

2021 Diluted EPS
$6.10

4Q21 Revenue
$477 million

2021 Revenue
$1.8 billion

Record loans
$41.7 billion

Total deposits
$53.4 billion

Tangible equity*/share
$37.79

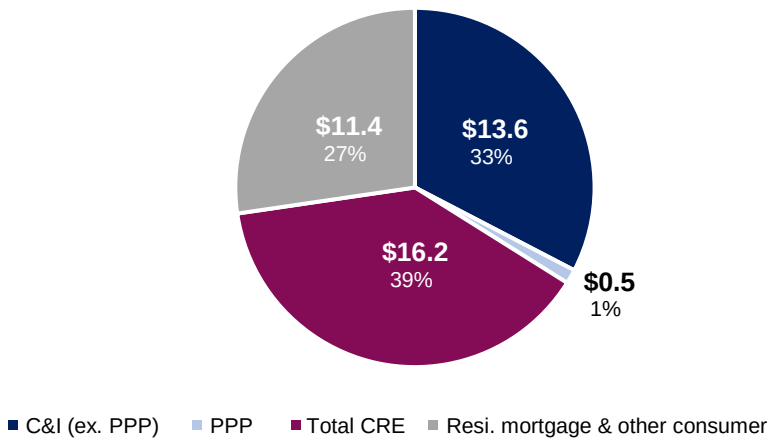
* See reconciliation of GAAP to non-GAAP financial measures in the appendix and in the Company's Earnings Press Releases.

12.31.21: Strong, Well-Diversified Balance Sheet

$ in millions, except per share data	12.31.21	09.30.21	Q-o-Q Change
Cash equivalents & ST investments	$ 4,649	5,708	$ (1,059)
AFS debt securities & repo assets	12,319	12,309	10
Gross loans (ex. PPP)	$ 41,160	39,675	$ 1,485
PPP loans	534	807	(273)
Total loans	**$ 41,694**	**40,482**	**$ 1,212**
Allowance for loan losses (ALLL)	(542)	(560)	18
Net Loans	**$ 41,152**	**39,922**	**$ 1,230**
Other assets	2,751	3,020	(269)
Total Assets	**$ 60,871**	**60,959**	**$ (88)**
Customer deposits	$ 53,351	53,356	$ (5)
FHLB advances & repo funding	549	549	-
Other ST & LT debt & finance lease liab.	152	152	-
Other liabilities	981	1,212	(231)
Total Liabilities	**$ 55,033**	**55,269**	**$ (236)**
Total Stockholders' Equity	**$ 5,837**	**5,690**	**$ 147**
Book value per share	$ 41.13	40.10	$ 1.03
Tangible equity per share*	$ 37.79	36.75	$ 1.04
Tang. equity to tang. assets ratio*	**8.88%**	**8.62%**	**26 bp**

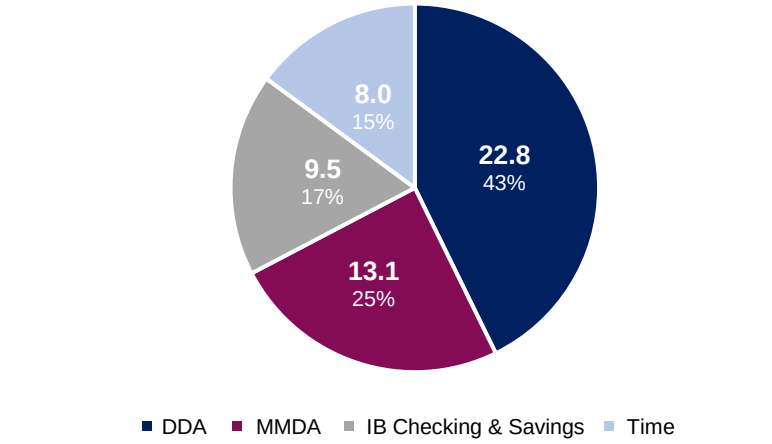
Record Loans as of 12.31.21: $41.7 billion

($ in billions)



Total Deposits of 12.31.21: $53.4 billion

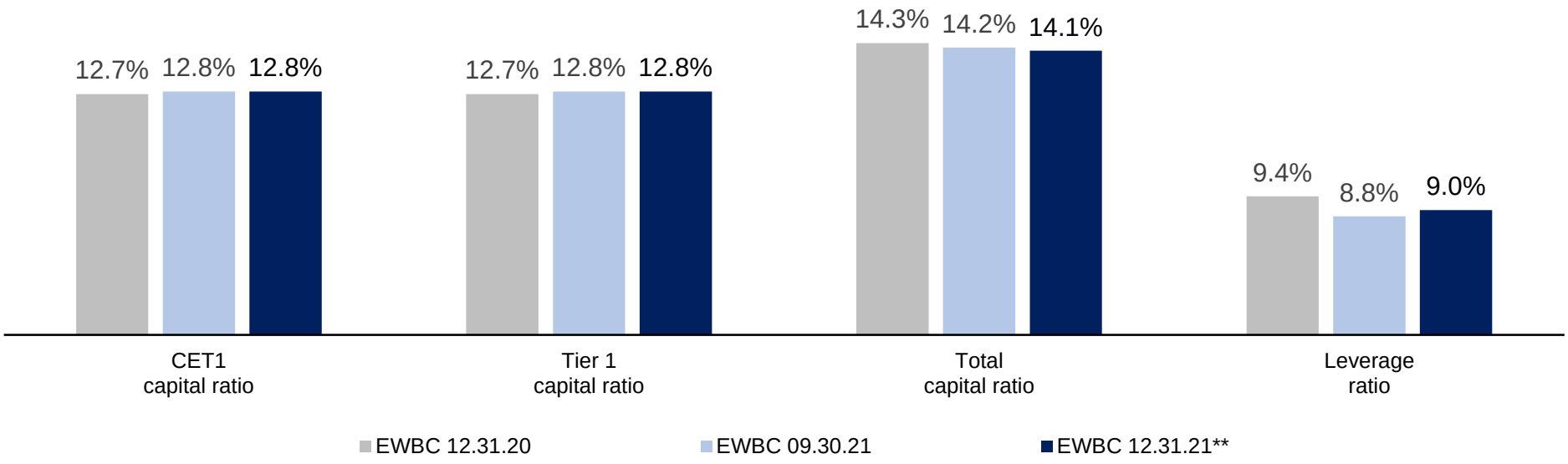
($ in billions)



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12.31.21: Strong Capital Ratios

- Book value per share of $41.13 as of 12.31.21: +3% Q-o-Q and +10.5% Y-o-Y.
- Tangible equity per share* of $37.79 as of 12.31.21: +3% Q-o-Q and +12% Y-o-Y.
- Tangible equity to tangible assets ratio* of 8.88% as of 12.31.21, +26 bps from 09.30.21.
- **Dividend increase:** 1Q22 quarterly common stock dividend of $0.40 per share, an increase of 21% or 7 cents from $0.33 per share in 4Q21. Increased annual dividend equivalent to $1.60 per share.
- No buybacks during 4Q21.

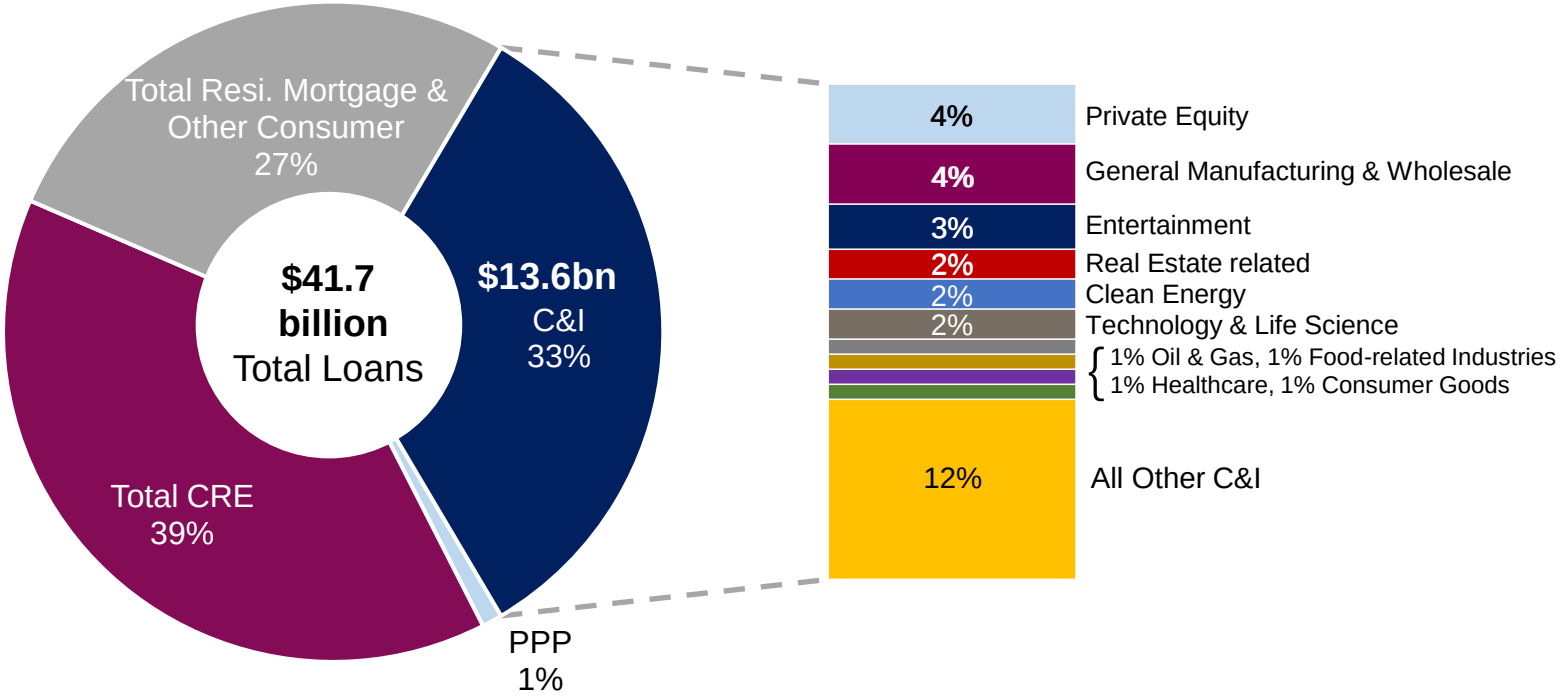


**The Company has elected to use the 2020 CECL transition provision in the calculation of its December 31, 2021, September 30, 2021 and December 31, 2020 regulatory capital ratios. The Company's December 31, 2021 regulatory capital ratios are preliminary.

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

12.31.21: Diversified Commercial Loan Portfolio

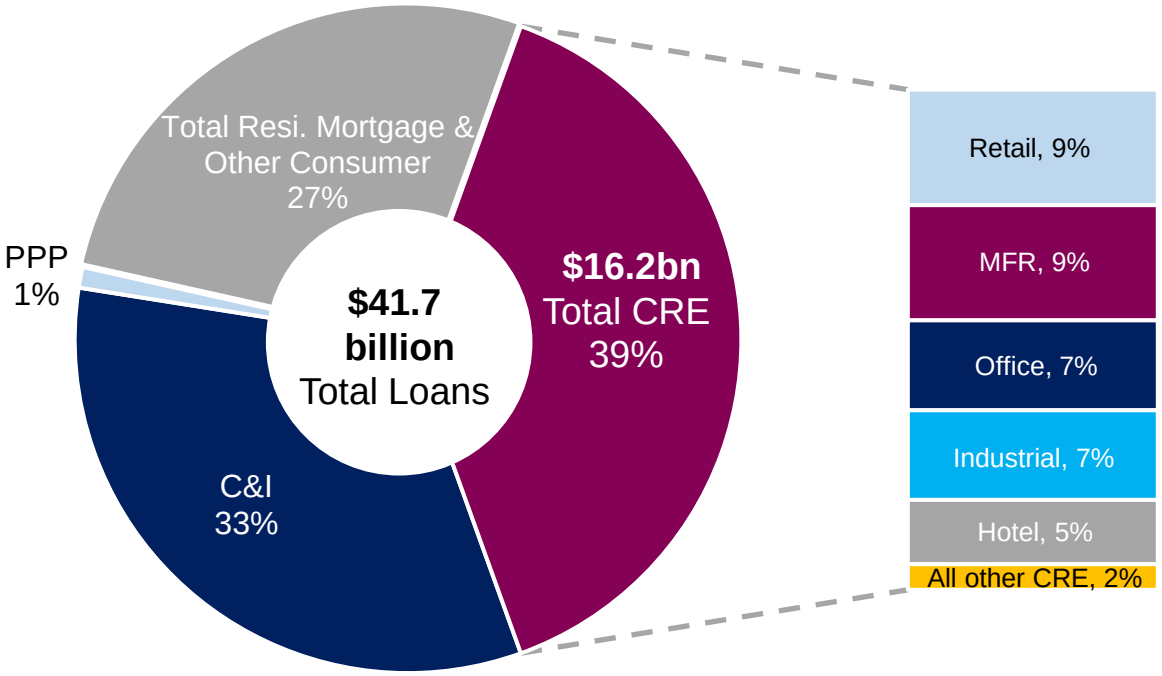
Total Loans: C&I Loans by Industry as % of Total Loans Outstanding



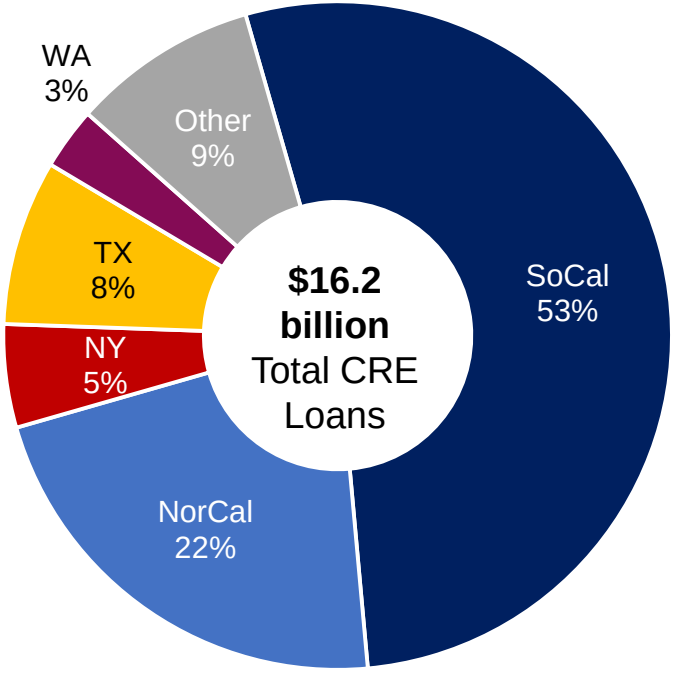
- **C&I loans (ex. PPP):** $13.6bn loans O/S plus $6.2bn undisbursed commitments: $19.8bn total commitments as of 12.31.21.
  - EOP loans O/S: up $592mm, +18% Q-o-Q annualized.
  - Total commitments: up $865mm, +18% Q-o-Q annualized.
  - Avg. loans O/S: up $495mm, +16% Q-o-Q annualized.
  - C&I utilization: 69% as of 12.31.21, unchanged from 09.30.21.
- **PPP loans:** $534mm as of 12.31.21, down from $807mm as of 09.30.21.
- **China loans O/S (mainland + Hong Kong):** $1.8bn as of 12.31.21, up from $1.7bn as of 09.30.21. Portfolio primarily consists of C&I loans, well-diversified by industry.

12.31.21: Diversified Commercial Real Estate Portfolio

Total Loans: Total CRE Loans by Property Type as % of Total Loans Outstanding



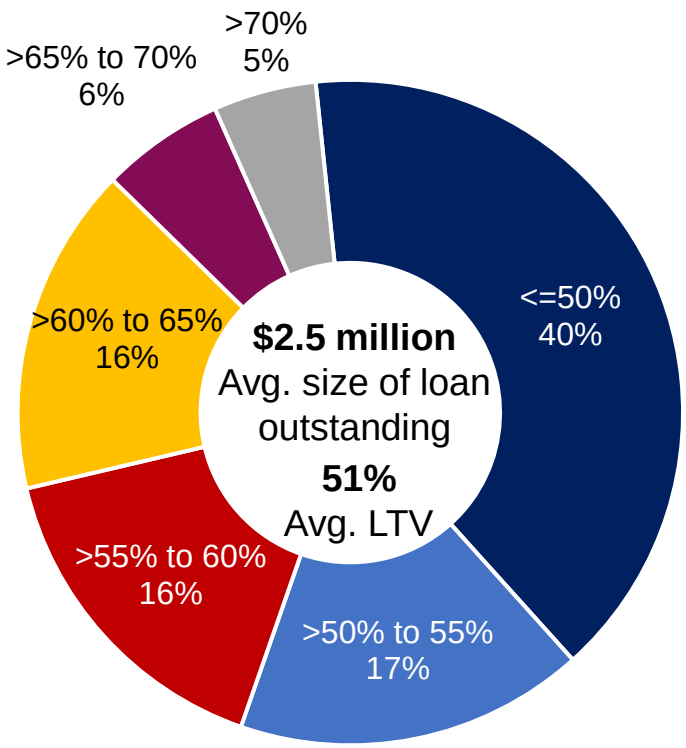
Total CRE: Distribution by Geography



- **Total CRE loans:** $16.2bn as of 12.31.21: up $642mm, +16% Q-o-Q annualized.
- Avg. CRE loans: up $318mm, +8% Q-o-Q annualized.
- Owner-occupied CRE: $2.4bn as of 12.31.21, or 6% of total loans.
- Geographic distribution of CRE reflects EWBC's branch footprint.
- **Construction & land loans** (in All other CRE): $346mm, or 0.8% of total loans. Total construction & land exposure of $713mm: loans O/S plus $367mm in undisbursed commitments.

12.31.21: Low LTV Commercial Real Estate Portfolio

Total CRE: Distribution by LTV



CRE LTV & Size by Property Type

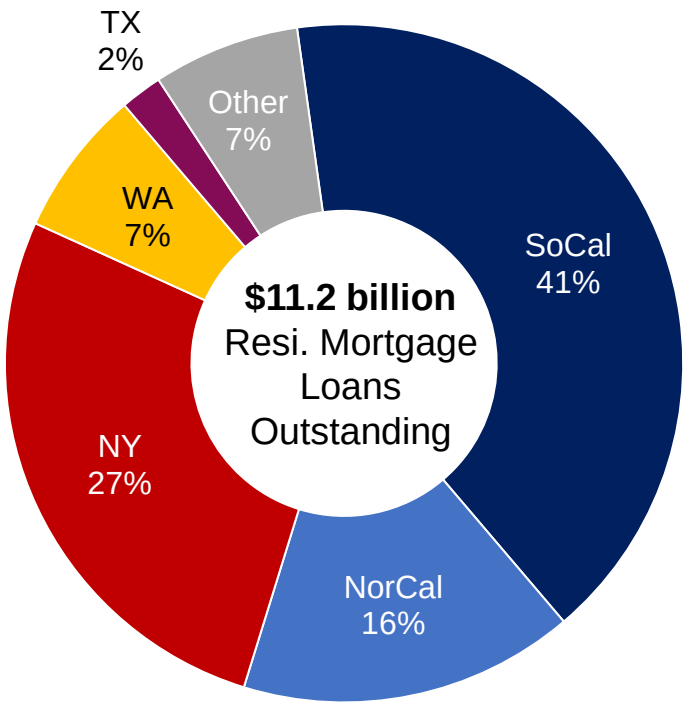
	Average Loan Size	Weight. Avg. LTV
Retail	$ 2.2 mm	48%
Multifamily	1.4 mm	52%
Office	3.9 mm	54%
Industrial	2.5 mm	49%
Hotel	8.8 mm	54%
Construction & Land*	11.0 mm	57%
Other	3.0 mm	48%
Total CRE	**$ 2.5 mm**	**51%**

* Construction & Land avg. size based on total commitment.

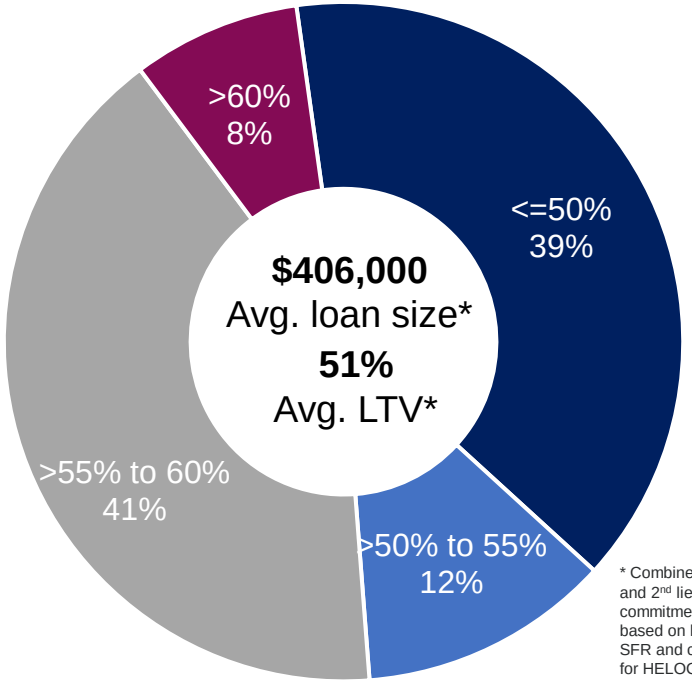
- High percentage of CRE loans have full recourse & personal guarantees from individuals or guarantors with substantial net worth.
- Many of our customers have long-term relationships with East West Bank.

12.31.21: Low LTV Residential Mortgage Portfolio

Resi. Mortgage: Distribution by Geography



Resi. Mortgage: Distribution by LTV

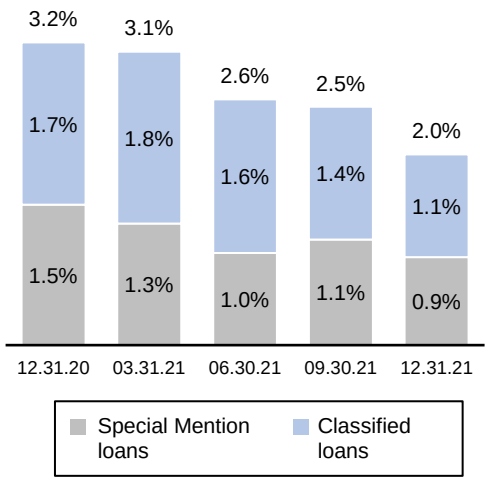


* Combined LTV for 1st and 2nd liens; based on commitment. Avg. size based on loan O/S for SFR and commitment for HELOC.

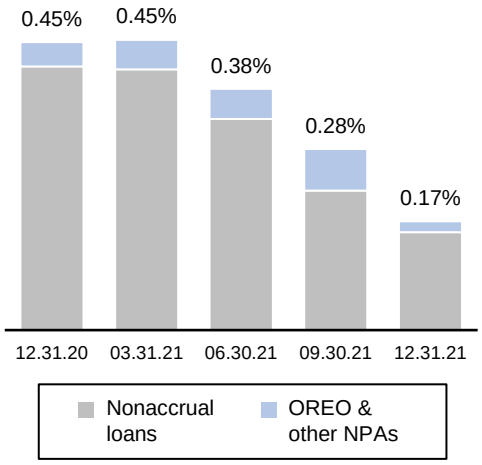
- **Residential mortgage (SFR + HELOC) loans:** $11.2bn loans O/S as of 12.31.21: up $253mm, +9% Q-o-Q annualized.
  - SFR: $9.1bn as of 12.31.21.
  - HELOC: $2.1bn loans O/S + $2.5bn in undisbursed commitments: $4.6bn total with 46% utilization as of 12.31.21.
- Avg. resi. mortgage loans: up $209mm, +8% Q-o-Q annualized.
- **Residential mortgage origination volume:** residential mortgage origination volume of $1.0bn in 4Q21, up +4% Q-o-Q and -4% Y-o-Y.
  - FY origination volume of $4.3bn, up +29% Y-o-Y.
  - Primarily originated through East West Bank branches.
- As of 12.31.21, 86% of HELOC commitments in first lien position.

12.31.21: Asset Quality Metrics by Portfolio

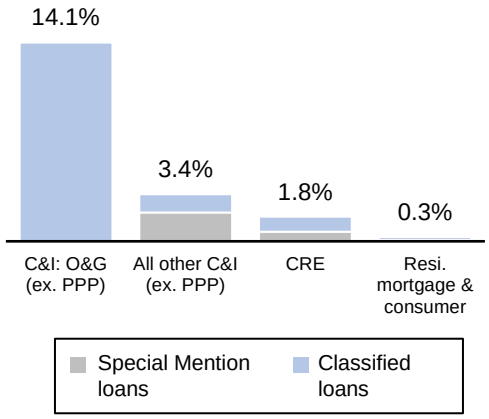
Criticized Loans / Total Loans



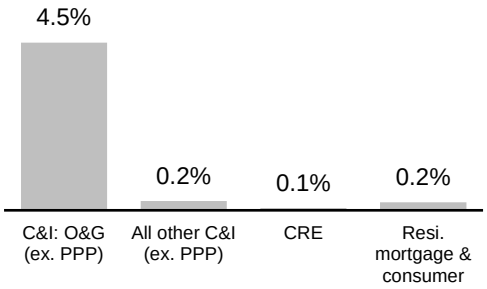
NPAs / Total Assets



Criticized Ratio by Loan Portfolio (as of 12.31.21)



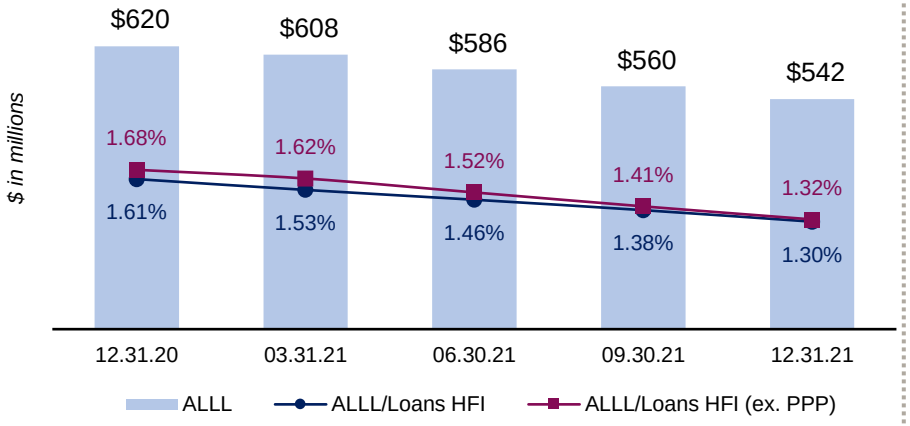
Nonaccrual Ratio by Loan Portfolio (subset of Classified) (as of 12.31.21)



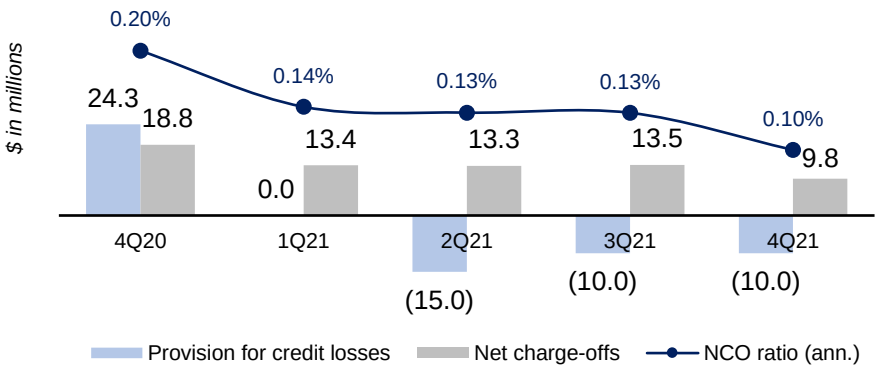
- **Criticized loans down 18% Q-o-Q:** $833mm as of 12.31.21, or 2.0% of loans, down from $1.0bn, or 2.5% of loans, as of 09.30.21. Criticized loan ratio improved by 50 bps Q-o-Q.
  - **Y-o-Y, criticized loans down 32%**, from $1.2bn. Criticized loan ratio improved by 117 bps, from 3.2% of loans as of 12.31.20.
  - **Special mention:** $385mm as of 12.31.21, or 0.9% of loans.
  - **Classified:** $448mm as of 12.31.21, or 1.1% of loans.
- **Nonperforming assets down 40% Q-o-Q**: $103.5mm as of 12.31.21, or 0.17% of total assets, vs. $173mm, or 0.28% of total assets, as of 09.30.21. Reflects payoffs and upgrades of C&I, plus a CRE property sale.
  - **Y-o-Y, NPAs down 56%**, from $235mm. NPA ratio improved by 28 bps, from 0.45% of assets as of 12.31.20.
- **Accruing loans 30-89 days past due up 10% Q-o-Q:** $45mm as of 12.31.21, or 0.11% of loans, vs. $41mm, or 0.10% of loans, as of 09.30.21.
  - **Y-o-Y, accruing PD down 11%**, from $51mm. Accruing PD loan ratio improved by 2 bps, from 0.13% of loans as of 12.31.20.
- **Oil & Gas ("O&G") Loan Portfolio as of 12.31.21:**
  - **Total commitments:** $912mm, and loans O/S: $601mm. Commitments decreased 5% Q-o-Q and 32% Y-o-Y.
  - **Improving asset quality:** O&G criticized loans: $85mm as of 12.31.21, down 43% Q-o-Q from $148mm as of 09.30.21, and down 74% from $324mm as of 12.31.20.

4Q21: Allowance for Loan Losses & Credit Costs

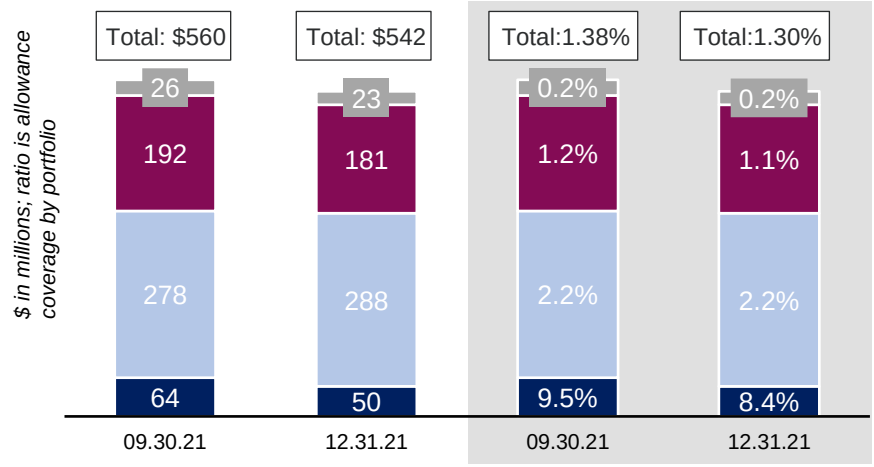
Allowance for Loan Losses Coverage Ratio



Provision for Credit Losses & Net Charge-offs



Composition of ALLL by Portfolio:



- **ALLL coverage of loans:** 1.30% as of 12.31.21, equivalent to 1.32% ex. PPP loans.
  - Q-o-Q, ALLL coverage ratio (ex. PPP) declined 9 bps.
  - O&G ALLL coverage decreased to 8.4% in 4Q21 from 9.5% in 3Q21. All other C&I ALLL coverage of 2.2% unchanged Q-o-Q. CRE ALLL coverage decreased to 1.1% from 1.2%.
  - Q-o-Q change in ALLL largely reflects an improved macro-economic forecast. CRE segments saw improvements in variables such as vacancy rates, rent rates and cap rates. Operating backdrop for O&G segment is better. This was partially offset by higher downside scenario weightings due to uncertainty related to the Omicron variant of COVID-19.
- **Negative provision for credit losses in 4Q21**: $(10mm).
- **Net charge-offs:** $9.8mm in 4Q21, vs. $13.5mm in 3Q21. NCO ratio of 0.10% (ann.), down from 0.13% (ann.) in 3Q21.

4Q21: Summary Income Statement

$ in millions, except per share data & ratios	4Q21	3Q21	4Q21 vs. 3Q21 $ Change	4Q21 vs. 3Q21 % Change
Net interest income (ex. PPP)	$ 396.1	$ 380.5	15.6	4%
PPP income	9.6	15.2	(5.6)	-37%
Total net interest income	**$ 405.7**	**$ 395.7**	**$ 10.0**	**2.5%**
Fee income & net GOS of loans*	63.3	62.7	0.6	1%
GOS of AFS debt securities	0.4	0.4	NM	10%
Other	7.8	10.0	(2.2)	-22%
Total noninterest income	**$ 71.5**	**$ 73.1**	**$ (1.6)**	**-2%**
Total revenue	**$ 477.2**	**$ 468.8**	**$ 8.4**	**2%**
Adjusted noninterest expense**	$ 177.7	$ 166.7	$ 11.0	7%
Amortization of tax credit & other investments + core deposit intangibles	32.4	38.7	(6.3)	-16%
Total noninterest expense	**$ 210.1**	**$ 205.4**	**$ 4.7**	**2%**
Provision for credit losses	**$ (10.0)**	**$ (10.0)**	**$ -**	**0%**
Income tax expense	59.3	48.0	11.3	24%
Effective tax rate	21%	17.5%	3.5%	
Net Income (GAAP)	**$ 217.8**	**$ 225.4**	**$ (7.6)**	**-3%**
Diluted EPS	**$ 1.52**	**$ 1.57**	**$ (0.05)**	**-3.5%**
Weigh. avg. diluted shares (in mm)	143.3	143.1	0.2	0.1%

Comments

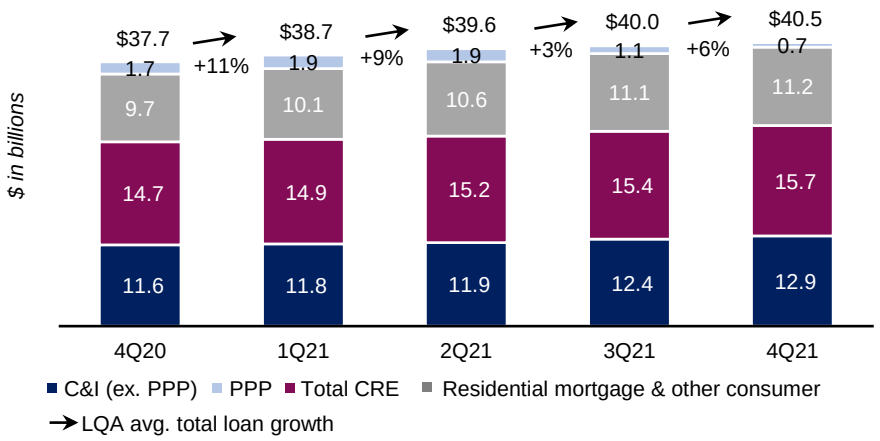
- **Noninterest income:**
  - Mark-to-market ("MTM") adjustments in interest rate contracts ("IRC") & other derivative income amounted to $0.4mm in 4Q21, vs. $2.5mm in 3Q21. This reflects a smaller favorable change in the credit valuation adjustment, compared with the previous quarter.
- **Amortization of tax credit & other investments** in 4Q21 totaled $32mm, vs. $38mm in 3Q21: Q-o-Q variability in amortization of tax credits and other investments reflects the impact of investments that close in a given period.
- **Tax rate:**
  - For the full year 2021, effective tax rate was 17%. 4Q21 effective tax rate was 21%.

* See slide 17 for noninterest income detail by category.

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

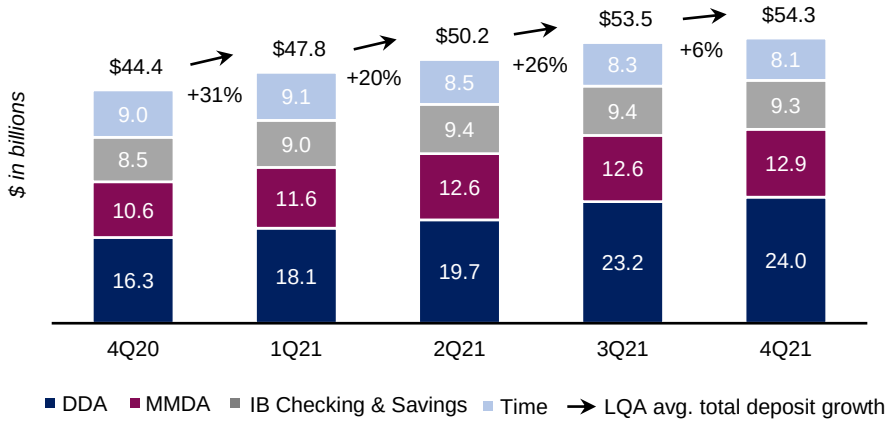
4Q21: Average Balance Sheet: Growth & Mix

Average Loans & Growth

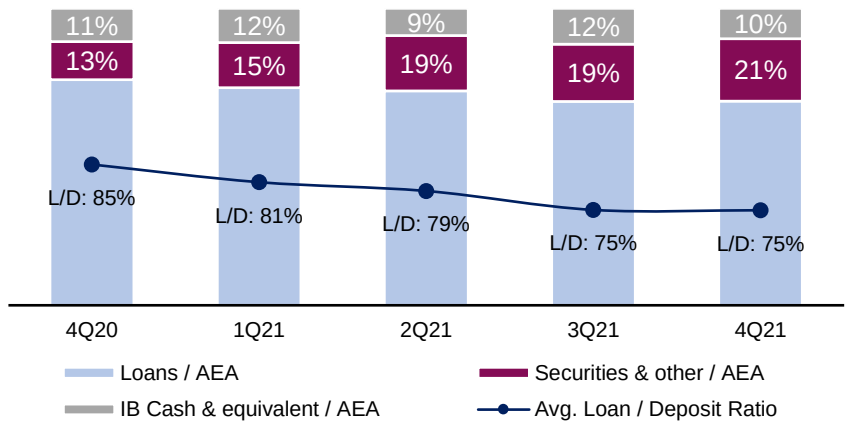


- **4Q21 avg. loan growth:** +6% LQA (+$572mm Q-o-Q) or +10% LQA ex. PPP (+$1.0bn). Growth in all major loan portfolios, with strongest growth from C&I ex. PPP.
- **4Q21 avg. deposit growth:** +6% LQA (+$820mm Q-o-Q). Growth was led by non-IB DDA: +15% LQA (+$850mm Q-o-Q). Declines in IB-checking and time deposits reflect outflow of higher-rate accounts.
- **Avg. DDA** made up 44% of avg. deposits in 4Q21, up from 43% in 3Q21 and 37% in 4Q20.
- **4Q21 AEA growth & favorable mix shift:** +5% LQA (+$705mm Q-o-Q): +$1.1bn in AFS debt securities, +$572mm in loans, -$986mm in IB cash and deposits with banks.

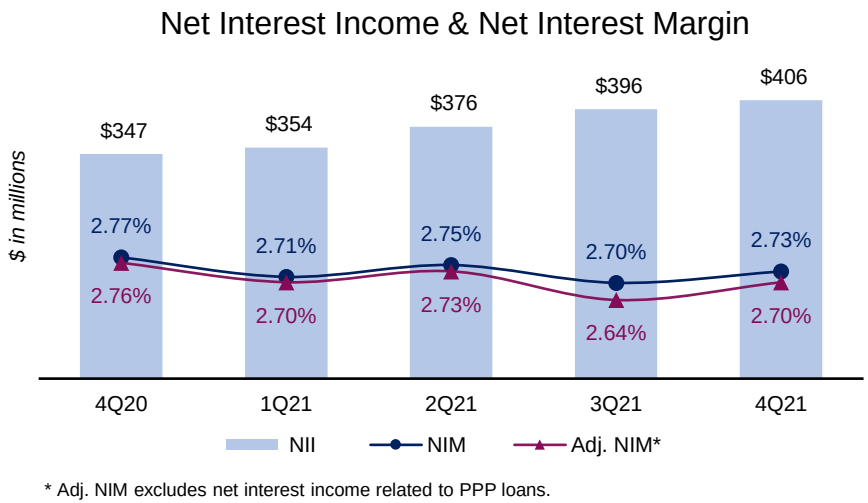
Average Deposits & Growth



Avg. Earning Asset (AEA) Mix & Loan-to-Deposit Ratio



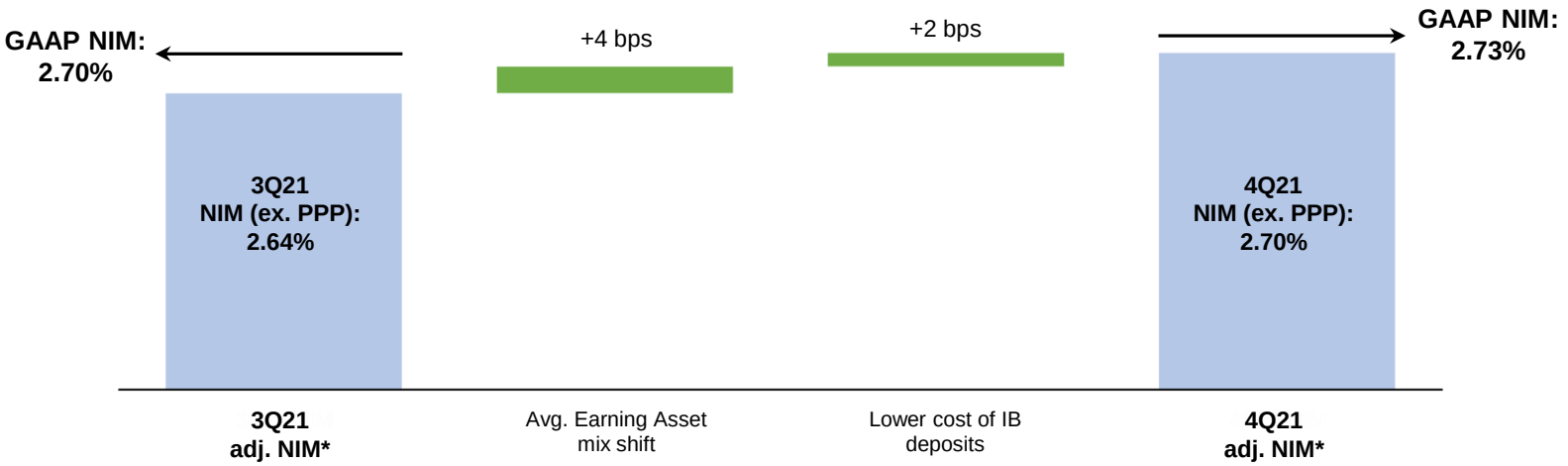
4Q21: Net Interest Income & Net Interest Margin



* Adj. NIM excludes net interest income related to PPP loans.

- **4Q21 NII:** $406mm, +2.5% Q-o-Q (+10% annualized) from $396mm in 3Q21. 4Q21 NIM: 2.73%, +3 bps Q-o-Q.
- **4Q21 adj. NII* (ex. PPP):** $396mm, +4% Q-o-Q (+16% ann.) from $380.5mm in 3Q21.
  - 4Q21 adj. NIM*: 2.70%, +6 bps Q-o-Q.
  - NII related to PPP: $10mm in 4Q21 ($8mm of deferred fees & $2mm of interest income) vs. $15mm in 3Q21.
  - As of 12.31.21, $6mm of PPP deferred fees remaining to accrete into income.
- **Q-o-Q increase in adj. NIM:** favorable average earning asset mix shift (+4 bps) and a lower cost of IB deposits (+2 bps).

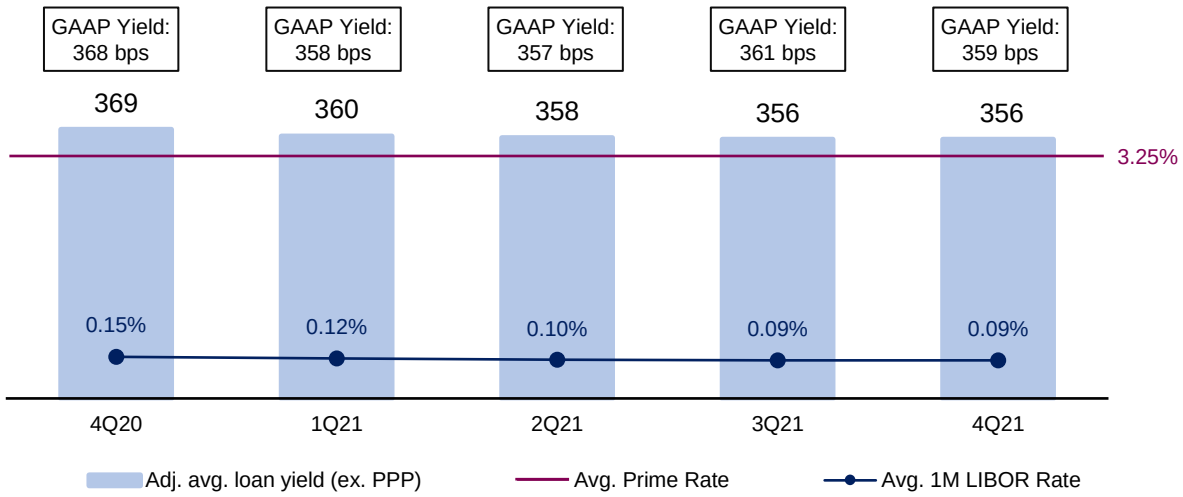
Impact to NIM from Q-o-Q Change in Yields, Rates, & Balance Sheet Mix



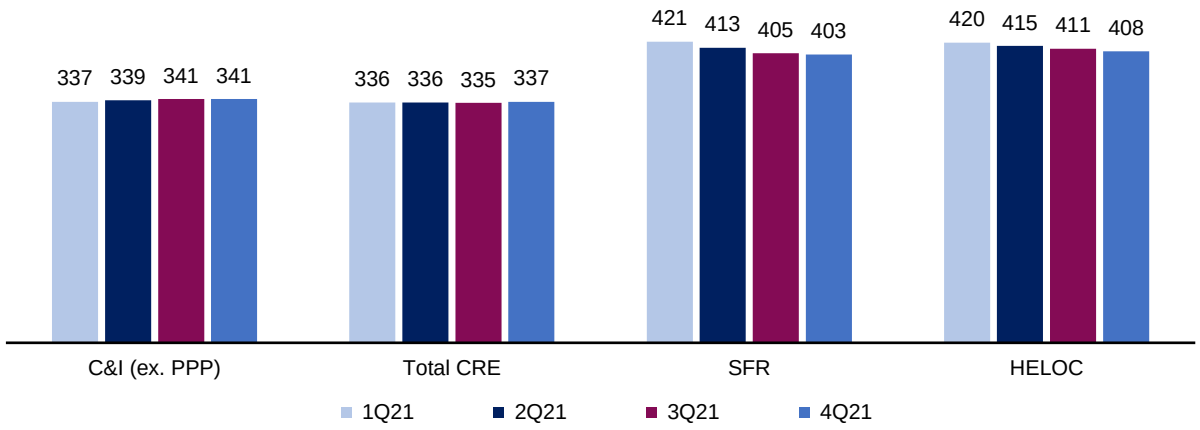
* See reconciliation of GAAP to non-GAAP financial measures in the appendix and in the Company's Earnings Press Releases.

4Q21: Average Loan Yields

Adj. Avg. Loan Yield* (in bps) Relative to Prime Rate & LIBOR

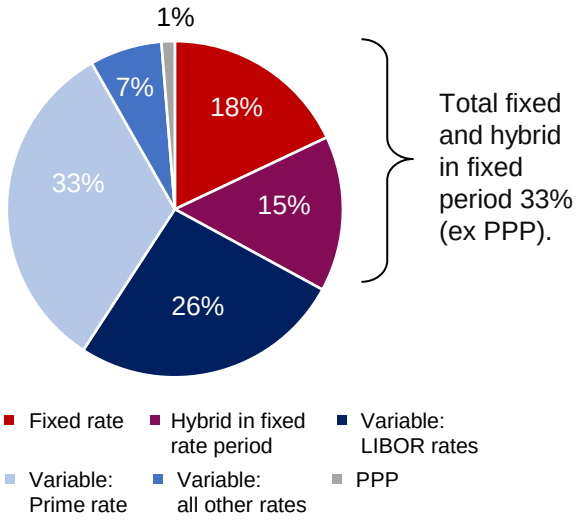


Average Loan Yield (in bps) by Portfolio



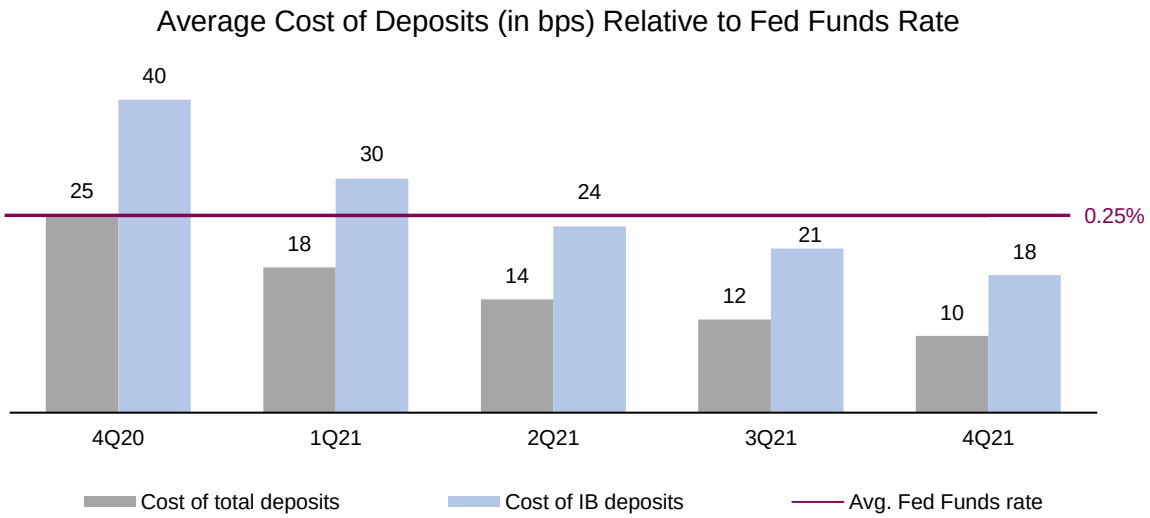
Note: SFR yield computation based on 30/360 days.

Loan Portfolio by Index Rate (12.31.21)

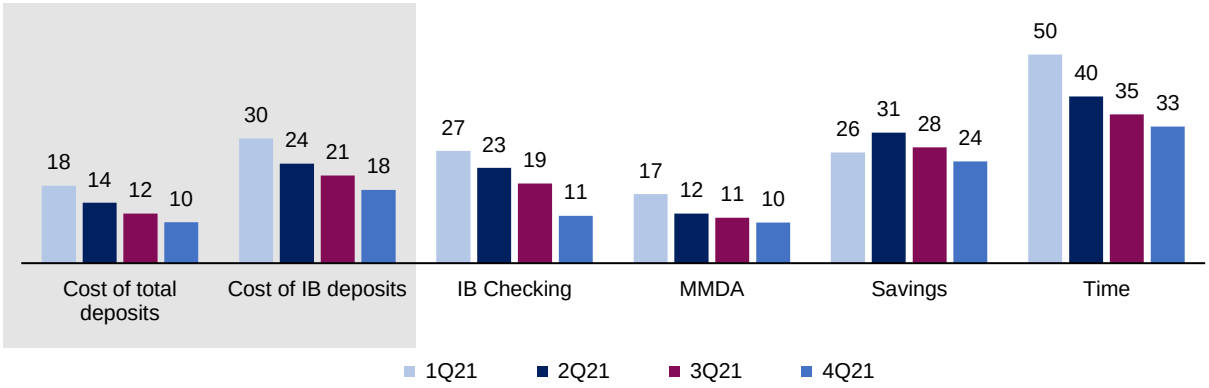


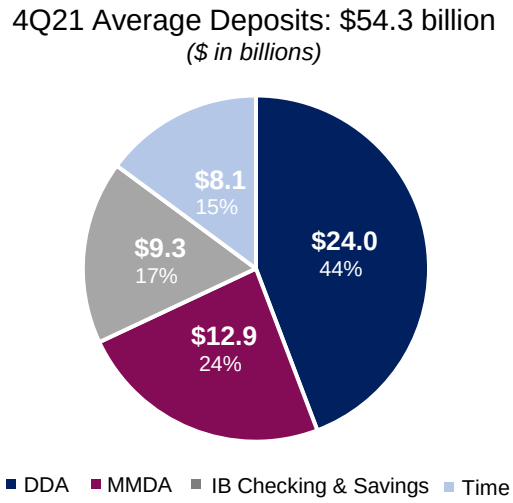
- As of 12.31.21, $5.6bn of variable rate loans had fully indexed interest rates below floors. Of those, $1.9bn were 25 bps or less from their floor rate, $1.3bn were 25 to 50 bps from their floor rate, and $0.6bn were 50 to 75 bps from their floor rate.

4Q21: Average Cost of Deposits



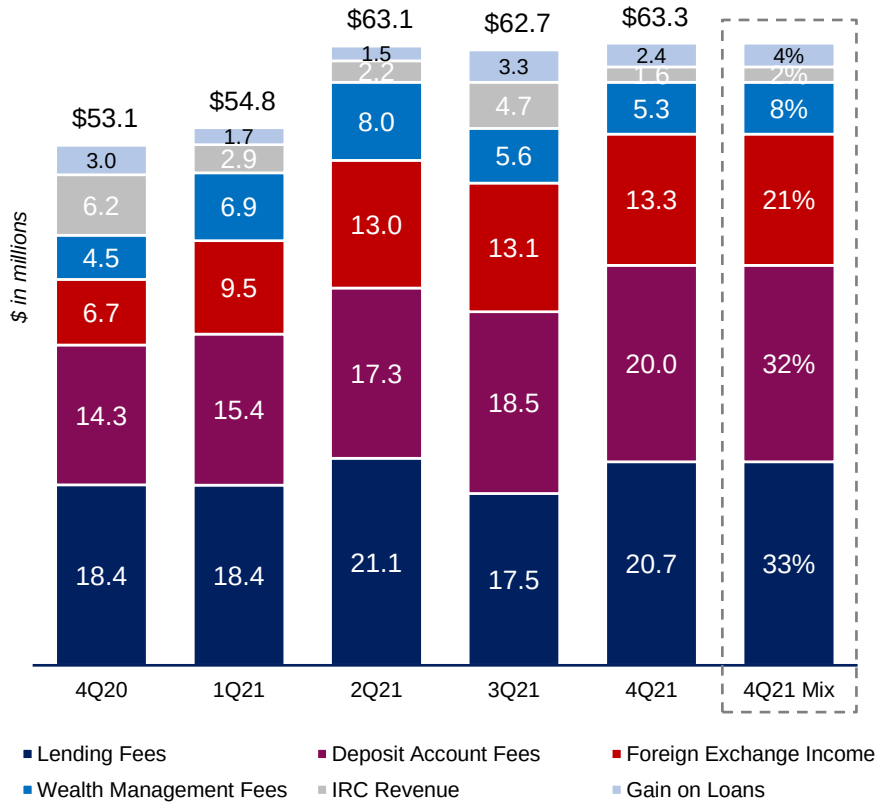
- **Spot rate of total deposits:** 0.09% as of 12.31.21 (vs. 0.11% as of 09.30.21).
- **Spot rate of IB deposits:** 0.16% as of 12.31.21 (vs. 0.19% as of 09.30.21).
- **Repricing of maturing CDs to lower rates reached equilibrium:**
  - Domestic CD spot rate as of 12.31.21: 0.21% (down from 0.24% as of 09.30.21).
  - Originations & renewals of domestic CDs in 4Q21: $4.9bn @ blended rate of 0.20% and weighted avg. duration of 4mo.





4Q21: Noninterest Income Detail

Fee Income* & Net Gains on Sales of Loans



***** Fee income excludes MTM adjustments related to IRC and other derivatives; net gains on sales of securities; other investment income and other income.

Total noninterest income: $71.5mm in 4Q21, compared with $73mm in 3Q21.

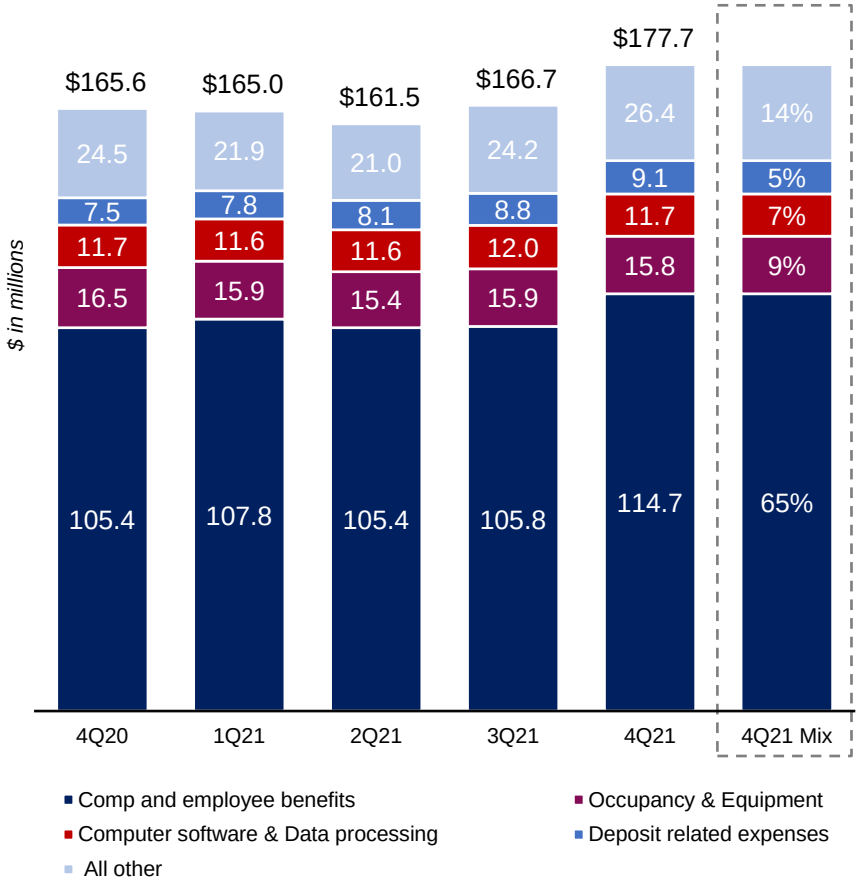
- **Fee income and net gains on sales of loans:** $63mm in 4Q21, essentially stable compared with both 3Q21 and 2Q21, and up 19% year-over-year.
- Q-o-Q and Y-o-Y growth in lending fees reflects higher syndication, trade finance and loan commitment fees.
- Q-o-Q and Y-o-Y growth in deposit account fees reflects growth in commercial account fees and treasury management services.
- Interest rate contracts and other derivative income: customer-driven revenue decreased Q-o-Q to $1.6mm, reflecting lower transaction volume. Y-o-Y and Q-o-Q decrease reflects lower customer demand in a low interest rate environment.

Interest Rate Contracts and Other Derivative Income Detail

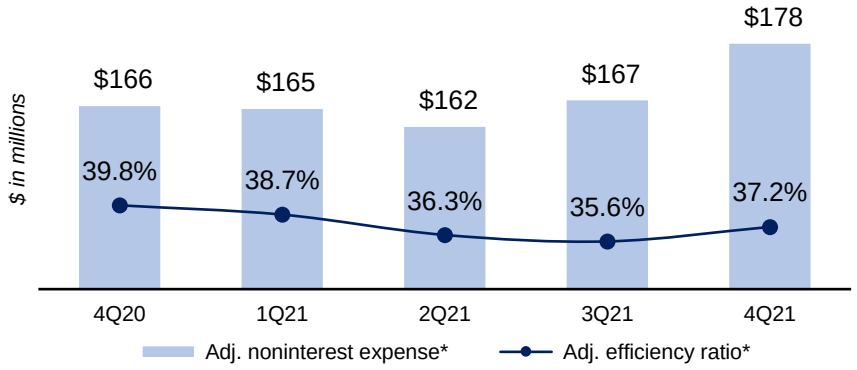
($ in millions)	4Q20	1Q21	2Q21	3Q21	4Q21
Revenue	$ 6.2	$ 2.9	$ 2.2	$ 4.7	$ 1.6
MTM	6.8	14.1	(5.4)	2.5	0.4
Total	$ 13.0	$ 17.0	$ (3.2)	$ 7.2	$ 2.0

4Q21: Operating Expense & Efficiency

Adjusted Noninterest Expense*



Adj. Noninterest Expense* & Adj. Efficiency Ratio*



- 4Q21 noninterest expense: $210mm.
- 4Q21 adj. noninterest expense*: $178mm, up $11mm from $167mm in 3Q21 (+7% Q-o-Q).
  - Q-o-Q change was driven by higher bonus and incentive compensation expense, related to full year business activity, and higher charitable contributions in other operating expenses.
  - Y-o-Y, 4Q21 adj. noninterest expense up 7%. FY2021 adj. noninterest expense of $671mm up +6% Y-o-Y.
- Adj. efficiency ratio* was 37% in 4Q21, vs. 36% in 3Q21 and 40% in 4Q20. FY2021 adj. efficiency ratio of 37% improved from 39% in FY2020.
- Consistently achieving industry-leading operating efficiency.

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

Management Outlook: Full Year 2022

Earnings drivers	FY 2022 expectations compared with FY 2021 results	2021 actual
End of Period Loans (ex. PPP)	▪ Increase at a percentage rate of approximately 12% Y-o-Y.	$41.2 billion (ex. PPP) +12% Y-o-Y (ex. PPP)
Adj. Net Interest Income* (ex. PPP)	▪ Increase at a percentage rate of approximately 17% to 19% Y-o-Y.	$1.5 billion +10.5% Y-o-Y
Adj. Noninterest Expense* (ex. tax credit investment & core deposit intangible amortization)	▪ Increase at a percentage rate of approximately 7% to 8% Y-o-Y.	$671 million +6% Y-o-Y
Credit Items	▪ Provision for credit losses below $50 million.	$(35) million in 2021 & $211 million in 2020
Tax Items	▪ Full-year 2022 effective tax rate of approximately 17% to 18%, including the impact of tax credit investments.	FY effective tax rate: 17%
Interest Rates	▪ Four Fed Funds rate hikes of 25-bps in: March, June, September and December 2022. ▪ Forward interest rate curve as of 01.26.22.	No change to Fed Funds rate in 2021

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

APPENDIX

EAST WEST BANK
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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, the amortization of core deposit intangibles and the extinguishment cost on repurchase agreements. 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		
		December 31, 2021	September 30, 2021	December 31, 2020
Net interest income before provision for credit losses	(a)	$ 405,697	$ 395,706	$ 346,581
Total noninterest income		71,489	73,109	69,832
Total revenue	**(b)**	**$ 477,186**	**$ 468,815**	**$ 416,413**
Total noninterest expense	(c)	$ 210,105	$ 205,384	$ 178,651
Less: Amortization of tax credit and other investments		(31,800)	(38,008)	(12,263)
Amortization of core deposit intangibles		(602)	(705)	(823)
Adjusted noninterest expense	**(d)**	**$ 177,703**	**$ 166,671**	**$ 165,565**
Efficiency ratio	**(c)/(b)**	**44.03%**	**43.81%**	**42.90%**
Adjusted efficiency ratio	**(d)/(b)**	**37.24%**	**35.55%**	**39.76%**
Adjusted pre-tax, pre-provision income	**(b)-(d) = (e)**	**$ 299,483**	**$ 302,144**	**$ 250,848**
Average total assets	(f)	$ 62,183,137	$ 61,359,533	$ 52,466,325
Adjusted pre-tax, pre-provision profitability ratio (1)	**(e)/(f)**	**1.91%**	**1.95%**	**1.90%**
Adjusted noninterest expense/average assets (1)	**(d)/(f)**	**1.13%**	**1.08%**	**1.26%**

(1) 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, the amortization of core deposit intangibles and the extinguishment cost on repurchase agreements. 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.

		Year Ended	
		December 31, 2021	December 31, 2020
Net interest income before provision for credit losses	(g)	$ 1,531,571	$ 1,377,193
Total noninterest income		285,895	235,547
Total revenue	(h)	**1,817,466**	**1,612,740**
Total noninterest expense	(i)	$ 796,089	$ 716,322
Less: Amortization of tax credit and other investments		(122,457)	(70,082)
Amortization of core deposit intangibles		(2,749)	(3,634)
Repurchase agreements' extinguishment cost		—	(8,740)
Adjusted noninterest expense	**(j)**	**$ 670,883**	**$ 633,866**
Efficiency ratio	**(i)/(h)**	**43.80%**	**44.42%**
Adjusted efficiency ratio	**(j)/(h)**	**36.91%**	**39.30%**
Adjusted pre-tax, pre-provision income	**(h)-(j) = (k)**	**$ 1,146,583**	**$ 978,874**
Average total assets	(l)	$ 59,251,091	$ 48,937,793
Adjusted pre-tax, pre-provision profitability ratio	**(k)/(l)**	**1.94%**	**2.00%**
Adjusted noninterest expense/average assets	**(j)/(l)**	**1.13%**	**1.30%**

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.

		December 31, 2021	September 30, 2021	December 31, 2020
Stockholders' equity	(a)	$ 5,837,218	$ 5,690,201	$ 5,269,175
Less: Goodwill		(465,697)	(465,697)	(465,697)
Other intangible assets [1]		(9,334)	(9,849)	(11,899)
Tangible equity	**(b)**	**$ 5,362,187**	**$ 5,214,655**	**$ 4,791,579**
Total assets	(c)	$ 60,870,701	$ 60,959,110	$ 52,156,913
Less: Goodwill		(465,697)	(465,697)	(465,697)
Other intangible assets [1]		(9,334)	(9,849)	(11,899)
Tangible assets	**(d)**	**$ 60,395,670**	**$ 60,483,564**	**$ 51,679,317**
Total stockholders' equity to total assets ratio	**(a)/(c)**	**9.59%**	**9.33%**	**10.10%**
Tangible equity to tangible assets ratio	**(b)/(d)**	**8.88%**	**8.62%**	**9.27%**

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

Appendix: GAAP to Non-GAAP Reconciliation

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, recoveries and uncertain tax position 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			Year Ended	
		December 31, 2021	September 30, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Net income		$ 217,796	$ 225,449	$ 164,084	$ 872,981	$ 567,797
Add: Amortization of core deposit intangibles		602	705	823	2,749	3,634
Amortization of mortgage servicing assets		415	430	428	1,679	1,920
Tax effect of amortization adjustments [2]		(293)	(322)	(355)	(1,274)	(1,575)
Tangible net income	**(e)**	**$ 218,520**	**$ 226,262**	**$ 164,980**	**$ 876,135**	**$ 571,776**
Adjustments related to DC Solar						
Less: Recoveries [3]		—	—	(10,739)	—	(10,739)
Tax effect of recoveries [2]		—	—	3,047	—	3,047
Add: Uncertain tax position recorded in income tax expense		—	—	5,127	—	5,127
Adjusted tangible net income	**(f)**	**$ 218,520**	**$ 226,262**	**$ 162,415**	**$ 876,135**	**$ 569,211**
Average stockholders' equity		$ 5,786,237	$ 5,680,306	$ 5,243,203	$ 5,559,212	$ 5,082,186
Less: Average goodwill		(465,697)	(465,697)	(465,697)	(465,697)	(465,697)
Average other intangible assets [1]		(9,611)	(10,135)	(12,182)	(10,535)	(13,769)
Average tangible equity	**(g)**	**$ 5,310,929**	**$ 5,204,474**	**$ 4,765,324**	**$ 5,082,980**	**$ 4,602,720**
Return on average tangible equity	**(e)/(g)**	**16.32%** [4]	**17.25%** [4]	**13.77%** [4]	**17.24%**	**12.42%**
Adjusted return on average tangible equity	**(f)/(g)**	**16.32%** [4]	**17.25%** [4]	**13.56%** [4]	**17.24%**	**12.37%**

(1) Includes core deposit intangibles and mortgage servicing assets.
(2) Applied statutory tax rate of 28.77% for the three and twelve months ended December 31, 2021. Applied statutory tax rate of 28.37% for the three months ended September 30, 2021, and for the three and twelve months ended December 31, 2020.
(3) Included in *Amortization of tax credit and other investments* on the Consolidated Statement of Income.
(4) Annualized.

Appendix: GAAP to Non-GAAP Reconciliation

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

In April 2020, the Company started accepting applications under the PPP administered by the Small Business Administration ("SBA") under the Coronavirus Aid, Relief, and Economic Security Act and began to originate loans to qualified small businesses. In January 2021, the Company began processing applications under the second round of the SBA's PPP in response to the Consolidated Appropriations Act, 2021 signed by the President on December 27, 2020. The PPP ended on May 31, 2021.

These loans are included in the Company's C&I portfolio, have an interest rate of one percent and are 100% guaranteed by the SBA. Loan processing fees paid to the Company from the SBA are accounted for as loan origination fees, where net deferred fees are recognized on a straight line basis over the estimated life of the loan as a yield adjustment on the loans. If a loan is paid off or forgiven by the SBA prior to its projected estimated life, the remaining unamortized deferred fees will be recognized as interest income in that period. The Company drew down $1.44 billion from the PPPLF during the second quarter of 2020. The remaining balance of $1.43 billion as of September 2020 was repaid in full during the fourth quarter of 2020.

Adjusted loan yield and adjusted net interest margin for the three and twelve months ended December 31, 2021 and 2020, and three months ended September 30, 2021 exclude the impact of PPP loans. Net interest margin for the three and twelve months ended December 31, 2020 has also been adjusted for advances from the PPPLF. Management believes that presenting the adjusted average loan yield and adjusted net interest margin provide comparability to prior periods and these non-GAAP financial measures provide supplemental information regarding the Company's performance.

		Three Months Ended			Year Ended	
Yield on Average Loans		**December 31, 2021**	**September 30, 2021**	**December 31, 2020**	**December 31, 2021**	**December 31, 2020**
Interest income on loans	(a)	$ 366,936	$ 363,503	$ 348,578	$ 1,424,900	$ 1,464,382
Less: Interest income on PPP loans		(9,592)	(15,212)	(14,204)	(55,198)	(43,271)
Adjusted interest income on loans	**(b)**	**$ 357,344**	**$ 348,291**	**$ 334,374**	**$ 1,369,702**	**$ 1,421,111**
Average loans	(c)	$40,532,569	$39,960,151	$37,725,725	$39,716,697	$36,799,017
Less: Average PPP loans		(677,224)	(1,111,404)	(1,704,608)	(1,393,302)	(1,236,246)
Adjusted average loans	**(d)**	**$39,855,345**	**$38,848,747**	**$36,021,117**	**$38,323,395**	**$35,562,771**
Average loan yield	**(a)/(c)**	**3.59%** (1)	**3.61%** (1)	**3.68%** (1)	**3.59%**	**3.98%**
Adjusted average loan yield	**(b)/(d)**	**3.56%** (1)	**3.56%** (1)	**3.69%** (1)	**3.57%**	**4.00%**
Net interest income before provision for credit losses	(e)	$ 405,697	$ 395,706	$ 346,581	$ 1,531,571	$ 1,377,193
Less: Interest income on PPP loans		(9,592)	(15,212)	(14,204)	(55,198)	(43,271)
Add: Interest expense on advances from the PPPLF		—	—	324	—	2,046
Adjusted net interest income	**(f)**	**$ 396,105**	**$ 380,494**	**$ 332,701**	**$ 1,476,373**	**$ 1,335,968**
Average interest-earning assets	(g)	$58,944,082	$58,239,480	$49,703,349	$56,256,388	$46,239,709
Less: Average PPP loans		(677,224)	(1,111,404)	(1,704,608)	(1,393,302)	(1,236,246)
Adjusted average interest-earning assets	**(h)**	**$58,266,858**	**$57,128,076**	**$47,998,741**	**$54,863,086**	**$45,003,463**
Net interest margin	**(e)/(g)**	**2.73%** (1)	**2.70%** (1)	**2.77%** (1)	**2.72%**	**2.98%**
Adjusted net interest margin	**(f)/(h)**	**2.70%** (1)	**2.64%** (1)	**2.76%** (1)	**2.69%**	**2.97%**

(1) Annualized