EWBC Investor Presentation

Second Quarter 2018

August 2018

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 the Company's 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," 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. 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, our ability to compete effectively against other financial institutions in our banking markets; changes in the commercial and consumer real estate markets; changes in our costs of operation, compliance and expansion; changes in the United States ("U.S.") economy, including inflation, employment levels, rate of growth and general business conditions; changes in government interest rate policies; 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 U.S. Securities and Exchange Commission, the Consumer Financial Protection Bureau and the California Department of Business Oversight — Division of Financial Institutions; heightened regulatory and governmental oversight and scrutiny of the Company's business practices, including dealings with consumers; changes in the economy of and monetary policy in the People's Republic of China; changes in income tax laws and regulations and the impact of the Tax Cuts and Jobs Act; impact of other potential federal tax changes and spending cuts; 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; changes in the equity and debt securities markets; future credit quality and performance, including our expectations regarding future credit losses and allowance levels; fluctuations of our stock price; fluctuations in foreign currency exchange rates; success and timing of our business strategies; our ability to adopt and successfully integrate new technologies into our business in a strategic manner; impact of reputational risk from negative publicity, fines and penalties and other negative consequences from regulatory violations and legal actions; impact of adverse judgments or settlements in litigation; impact of regulatory enforcement actions; changes in our ability to receive dividends from our subsidiaries; impact of political developments, wars or other hostilities that may disrupt or increase volatility in securities or otherwise affect economic conditions; impact of natural or man-made disasters or calamities or conflicts or other events that may directly or indirectly result in a negative impact on the Company's financial performance; continuing consolidation in the financial services industry; our capital requirements and our ability to generate capital internally or raise capital on favorable terms; impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act on our business, business practices and cost of operations; impact of adverse changes to our credit ratings from the major credit rating agencies; 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; changes in interest rates on our net interest income and net interest margin; the effect of changes in the level of checking or savings account deposits on our funding costs and net interest margin; 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 increased funding costs, reduced 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; the Company's ability to retain key officers and employees; any future strategic acquisitions or divestitures; and other factors set forth in the Company's public reports including its Annual Report on Form 10-K for the year ended December 31, 2017, 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, the Company's results could differ materially from those expressed in, implied or projected by such forward-looking statements. The Company assumes no obligation to update such forward-looking statements.

East West Profile

East West Bank is the largest independent bank headquartered in Southern California

With $38 billion in total assets, 45 years of operating history, and 3,000 associates,
East West Bank is the leading bank serving the Asian community in the U.S.

UNITED STATES

120+ Locations

Across 60+ cities in 10 metropolitan areas

81 U.S. branches in California

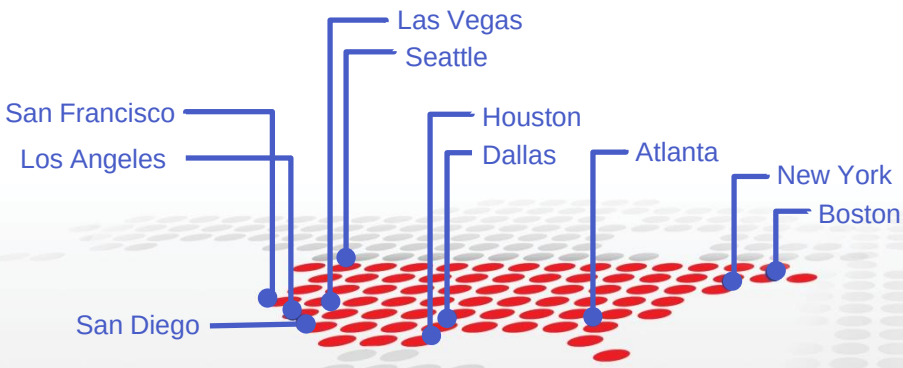
130+ LOCATIONS THROUGHOUT

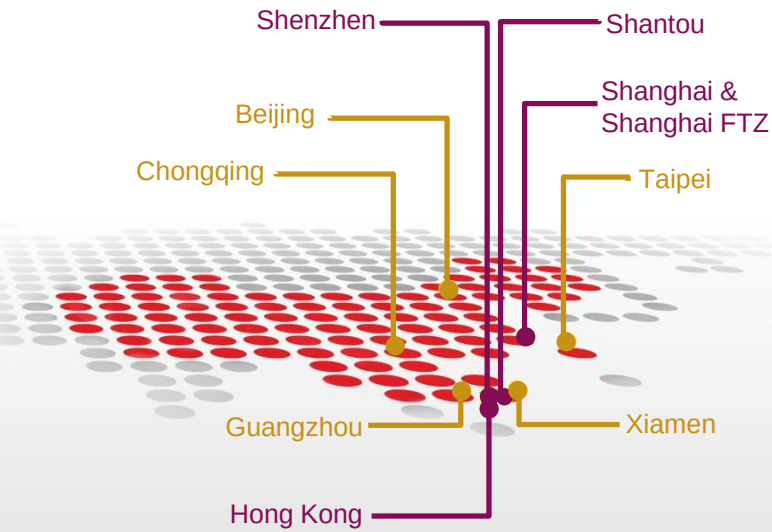
GREATER CHINA

10 Locations

5 *Full-service branches*

5 *Representative offices*



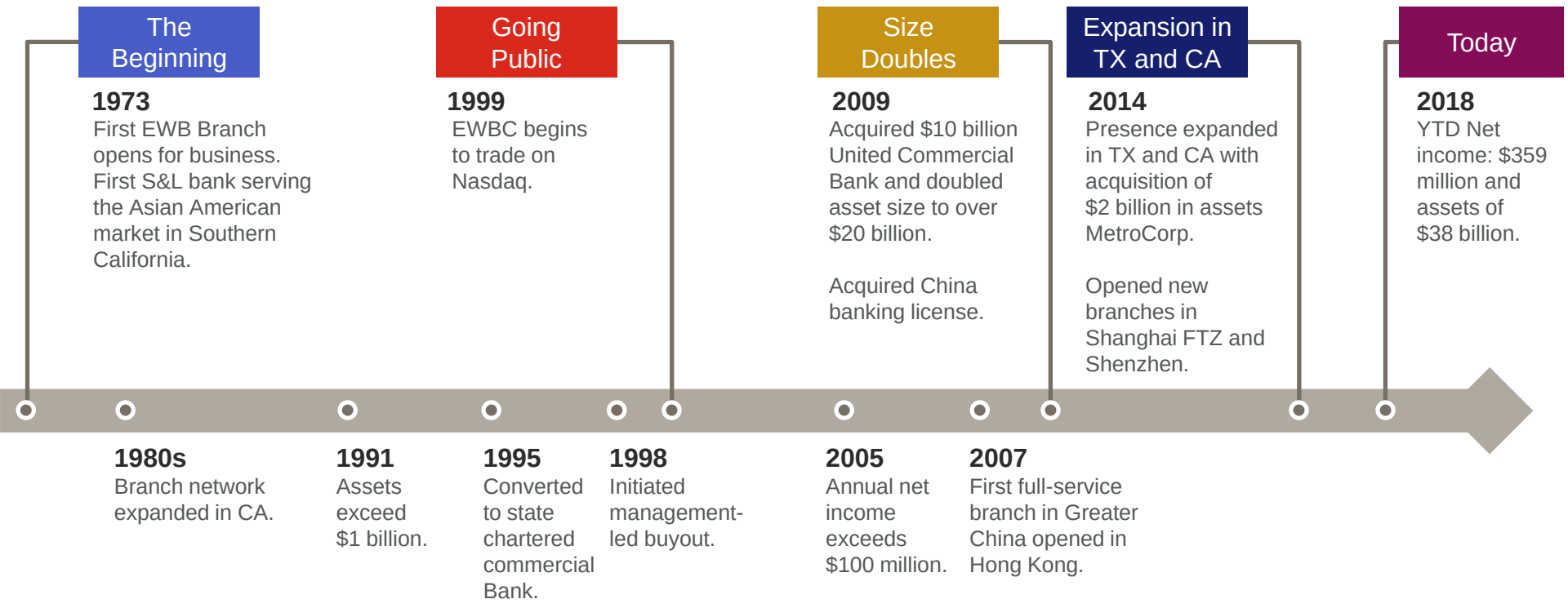


Bank Rankings by Total Assets and Market Cap

Rank	Total assets (as of 06.30.18)	Ticker	$ Billion	Rank	Market Cap (as of 08.21.18)	Ticker	$ Billion
1	JPMorgan Chase & Co.	JPM	2,590.1	1	JPMorgan Chase & Co.	JPM	387.5
2	Bank of America Corp.	BAC	2,291.7	2	Bank of America Corp.	BAC	309.8
3	Citigroup Inc.	C	1,912.3	3	Wells Fargo & Company	WFC	284.0
4	Wells Fargo & Company	WFC	1,879.7	4	Citigroup Inc.	C	179.3
5	U.S. Bancorp	USB	461.3	5	U.S. Bancorp	USB	88.3
6	PNC Financial Services Group, Inc.	PNC	380.7	6	PNC Financial Services Group, Inc.	PNC	67.4
7	Capital One Financial Corporation	COF	364.0	7	Bank of New York Mellon Corporation	BK	52.5
8	Bank of New York Mellon Corporation	BK	352.9	8	Capital One Financial Corporation	COF	48.1
9	State Street Corporation	STT	248.3	9	BB&T Corporation	BBT	40.8
10	BB&T Corporation	BBT	222.7	10	SunTrust Banks, Inc.	STI	34.3
11	SunTrust Banks, Inc.	STI	207.5	11	State Street Corporation	STT	32.7
12	Citizens Financial Group, Inc.	CFG	155.4	12	M&T Bank Corporation	MTB	25.5
13	Fifth Third Bancorp	FITB	140.7	13	Northern Trust Corporation	NTRS	24.3
14	KeyCorp	KEY	137.8	14	KeyCorp	KEY	22.8
15	Northern Trust Corporation	NTRS	135.1	15	Regions Financial Corporation	RF	21.5
16	Regions Financial Corporation	RF	124.6	16	Fifth Third Bancorp	FITB	20.0
17	M&T Bank Corporation	MTB	118.4	17	Citizens Financial Group, Inc.	CFG	19.6
18	Huntington Bancshares Incorporated	HBAN	105.4	18	Huntington Bancshares Incorporated	HBAN	17.9
19	First Republic Bank	FRC	93.9	19	SVB Financial Group	SIVB	17.5
20	Comerica Incorporated	CMA	72.0	20	First Republic Bank	FRC	17.3
21	Zions Bancorporation	ZION	66.5	21	Comerica Incorporated	CMA	17.0
22	SVB Financial Group	SIVB	55.9	22	Zions Bancorporation	ZION	10.5
23	New York Community Bancorp, Inc.	NYCB	50.5	23	East West Bancorp, Inc.	EWBC	9.5
24	CIT Group Inc.	CIT	49.9	24	Commerce Bancshares, Inc.	CBSH	7.7
25	Popular, Inc.	BPOP	47.5	25	Cullen/Frost Bankers, Inc.	CFR	7.3
26	Signature Bank	SBNY	45.2	26	Signature Bank	SBNY	6.6
27	People's United Financial, Inc.	PBCT	44.6	27	BOK Financial Corporation	BOKF	6.6
28	First Horizon National Corporation	FHN	41.1	28	People's United Financial, Inc.	PBCT	6.5
29	East West Bancorp, Inc.	EWBC	38.1	29	PacWest Bancorp	PACW	6.3
30	First Citizens BancShares, Inc.	FCNC.A	35.1	30	Webster Financial Corporation	WBS	6.3

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

East West Bank Milestones



Focused on All of Our Stakeholders

All employees are shareholders, with vested interest in the Company's success.

United in following our corporate values:
Absolute Integrity
Customer Alignment
Creativity
Respect & Fairness
Unification
Expertise & Professionalism
Selflessness

Long history of providing financing for affordable housing and small businesses.

Through partnerships and volunteering, dedicated to improving the communities we serve.



Our customer-centric guiding principles empower staff to put customers' needs first, building deep relationships for the long-term.

Differentiated Bridge Banking Model:
Through our footprint, cultural understanding, industry expertise, and knowledge of the local business environments, uniquely positioned to serve customers with financial needs in both the U.S. and Greater China

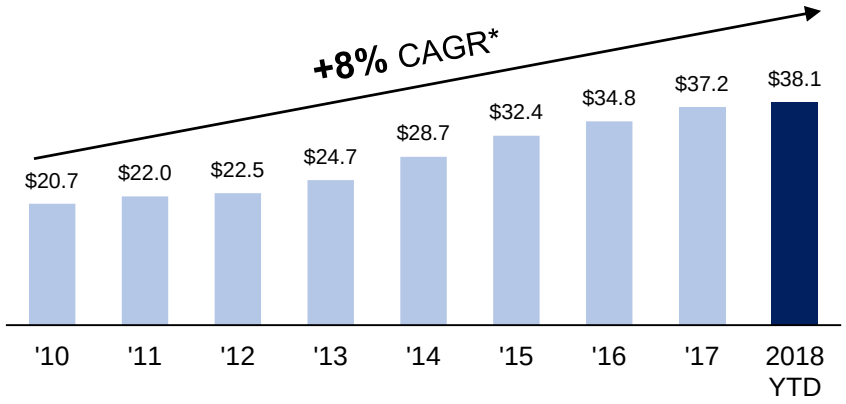
Delivering above peer profitability driven by consistent, sustainable loan and deposit growth, as well as a focus on operational excellence.

Robust investment in risk management and corporate governance best practices.

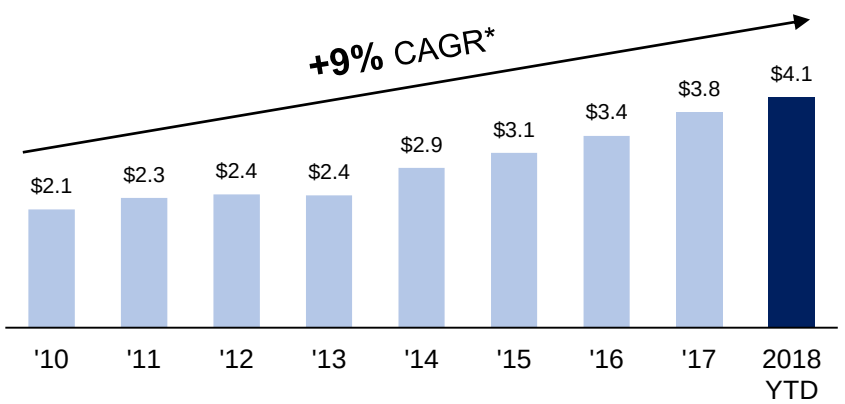
Strong Balance Sheet Growth

($ in billions)

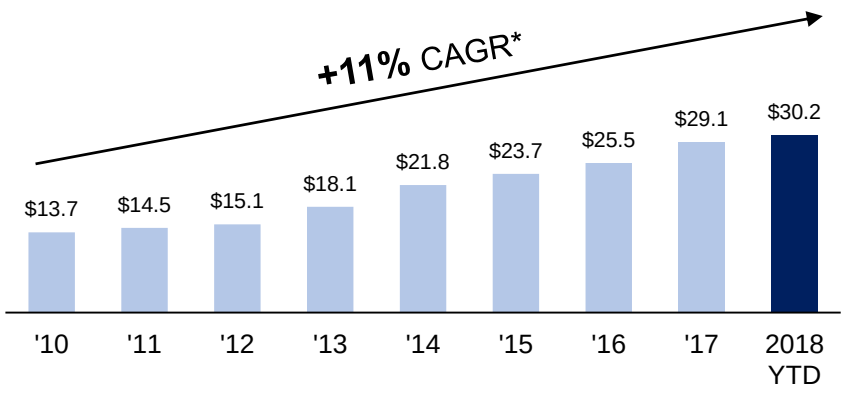
Total Assets



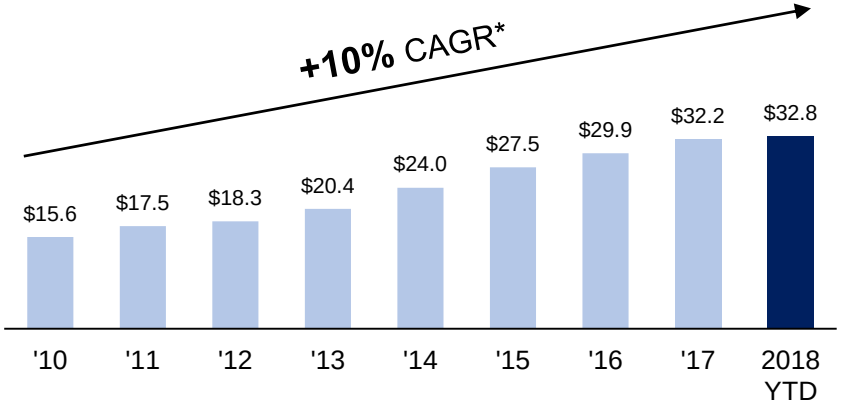
Stockholders' Equity



Total Loans

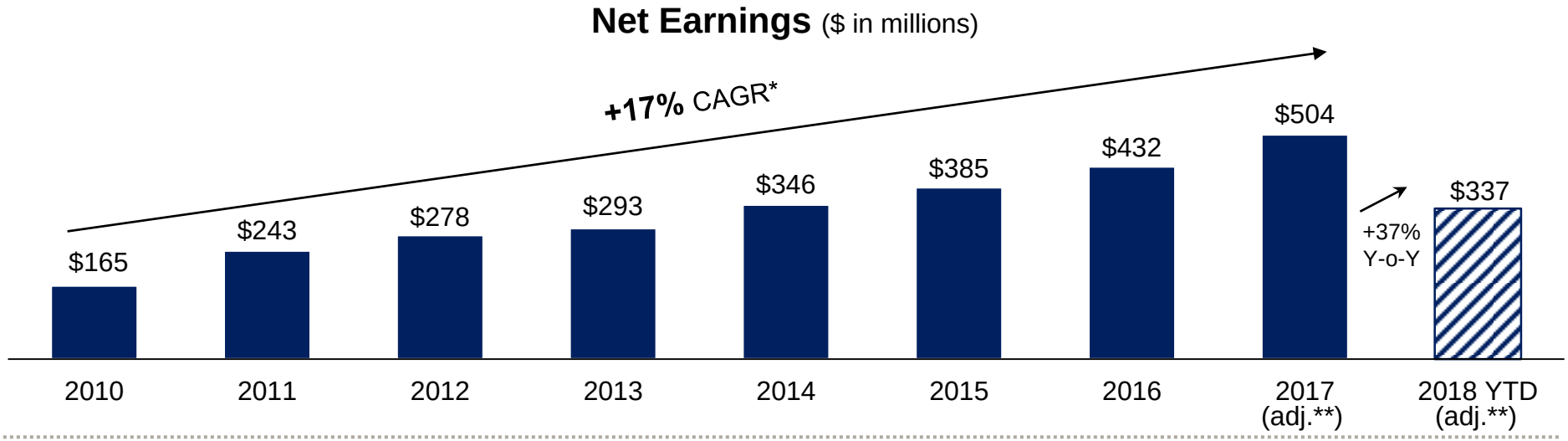


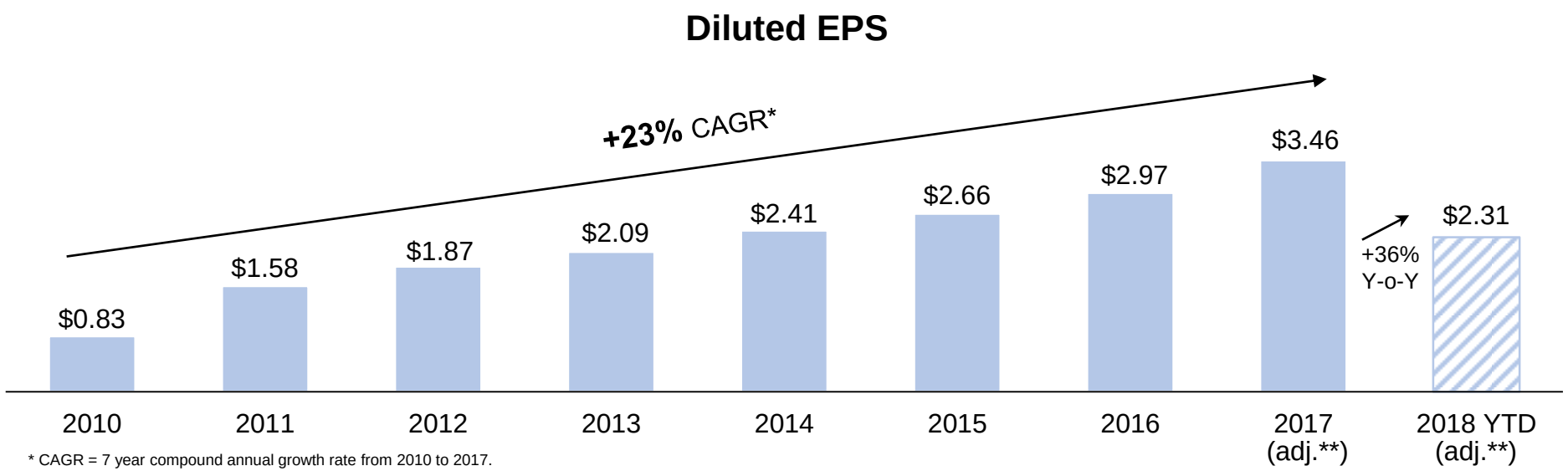
Total Deposits



* CAGR from December 31, 2010 – June 30, 2018.

Strong Earnings Growth





* CAGR = 7 year compound annual growth rate from 2010 to 2017.
** See reconciliation of GAAP to non-GAAP financial measures in the Company's Earnings Press Releases.

Highlights of Second Quarter 2018 Results

$ in millions, except per share data	Current Quarter	Q-o-Q Change	Y-o-Y Change
Earnings			
Net income	$ 172.3	(8)%	46%
Adj.[1] net income	$ 172.3	5%	46%
EPS	$ 1.18	(8)%	45%
Adj.[1] EPS	$ 1.18	4%	45%
NII	$ 341.7	5%	18%
NIM	3.83%	10 bps	34 bps
Balance Sheet			
Loans	$ 30,245	2%	11%
Deposits	$ 32,776	0.5%	5%
TBVPS[1]	$ 25.01	4%	14%
Credit Quality			
NCO ratio	0.15%	2 bps	19 bps
NPAs	$ 103.5	(21)%	(22)%

2Q18
Net income
$172 million

2Q18
Diluted EPS
$1.18

Tangible equity[1]/share
$25.01

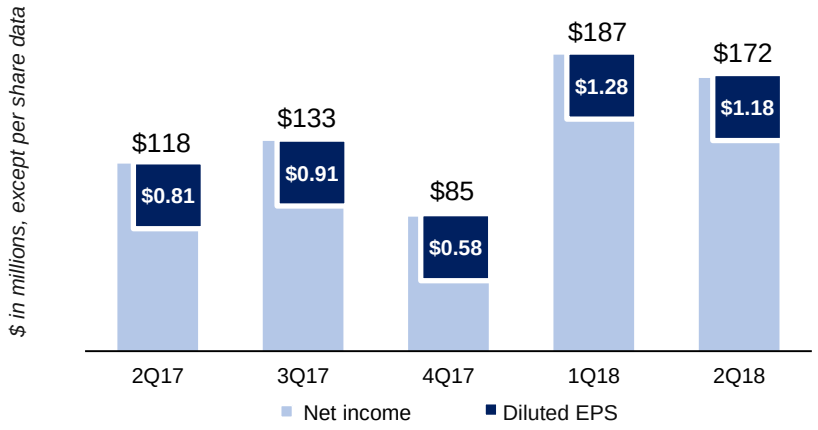
Record loans
$30.2 billion

Record deposits
$32.8 billion

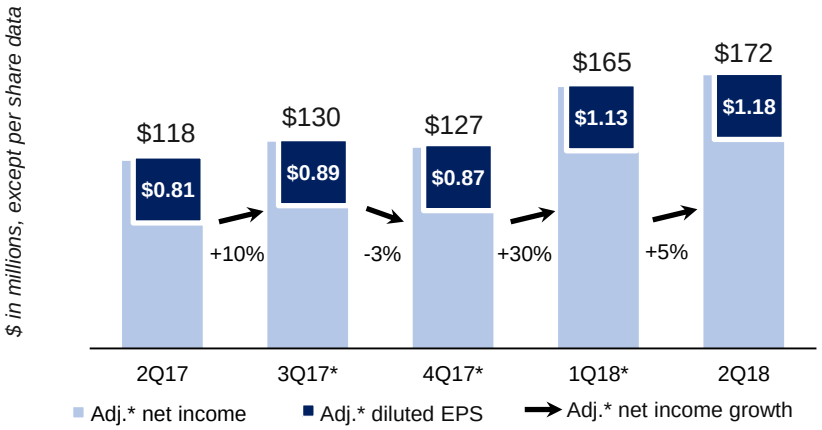
[1] See reconciliation of GAAP to non-GAAP financial measures in the appendix of this presentation and in the Company's 2Q18 Earnings Press Release. 1Q18 adjusted for the sale of DCB, which netted $22mm or $0.15/sh.

2Q18 Earnings Growth and Profitability

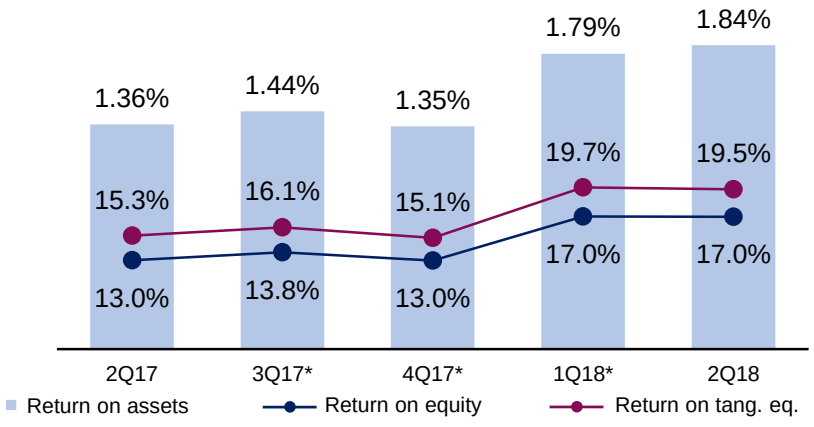
Net Income and Diluted EPS



Adjusted* Net Income and Diluted EPS



Profitability Ratios



* 3Q17, 4Q17 & 1Q18 ratios adjusted for non-GAAP items.

- Solid 2Q18 results: attractive NIM expansion, revenue growth in excess of expenses, benign credit costs, and lower tax rate.
- Strong profitability supports dividend increase of 15%.
  - New quarterly common dividend of $0.23/share.
  - Equivalent to 19% payout ratio of 2Q18 EPS.
- Continuing to grow capital through earnings.

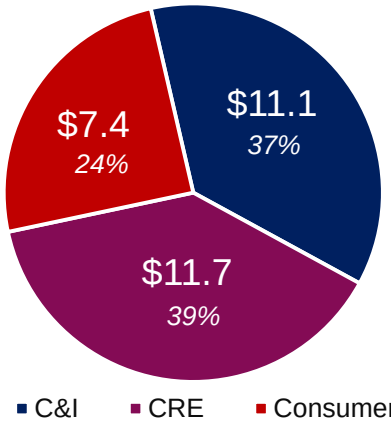
* See reconciliation of GAAP to non-GAAP financial measures in the appendix of this presentation and in the Company's 2Q18 Earnings Press Release. 1Q18 adjusted for the gain on sale of DCB; 4Q17 adjusted for the impact of the enactment of the Tax Cuts and Jobs Act; and 3Q17 adjusted for the gain on sale of EWIS business.

Management Outlook: Full Year 2018

Earnings drivers	FY 2018 expectations compared to FY 2017 results	Outlook change from prior quarter	2018 YTD actual	FY 2017 actual
End of Period Loans	▪ Increase at a percentage rate of approximately 10%.	Unchanged.	$30.2 billion, +8% YTD annualized	$29.1 billion, +14% Y-o-Y
NIM	▪ Approximately 3.75% (excl. impact of ASC 310-30 discount accretion). ▪ Approximately 3.80% (incl. accretion, which is estimated to add 5 bps).	Adjusted from previously guided range of 3.65% to 3.75% (ex. accretion).	3.71% (ex. accretion), +29 bps YTD 3.78% (w/ accretion), +30 bps YTD	3.42% (ex. accretion), +27 bps Y-o-Y 3.48% (w/ accretion), +18 bps Y-o-Y
Noninterest Expense (excl. tax credit investment & core deposit intangible amortization)	▪ Increase at a percentage rate in the high single digits.	Unchanged.	$306 million, +9% YTD annualized	$567 million, +5% Y-o-Y
Provision for Credit Losses	▪ In the range of $70mm to $80mm.	Unchanged.	$36 million	$46 million
Tax Items	▪ Full year effective tax rate of approximately 13%. ▪ Tax credit investments, excluding low income housing, of $115mm with associated tax credit amortization of $100mm above the line. ▪ Reduction in the estimated tax rate largely reflects the increase in tax credit investments.	Previously: ▪ Tax rate:16%. ▪ Tax credit invest, excl. low income housing: $105mm. ▪ Tax credit amort. $85mm.	Effective tax rate: 12%	Effective tax rate: 31% Tax credit investments, excluding low income housing, of $110mm with associated tax credit amortization of $94mm.
Interest Rates	▪ Anticipate one additional fed funds rate increase of 25 bps in September of 2018.	Unchanged.	Fed funds increased 50 bps YTD: 25 bps each in March and June.	Fed funds increased 75 bps in 2017: 25 bps each in March, June and December.

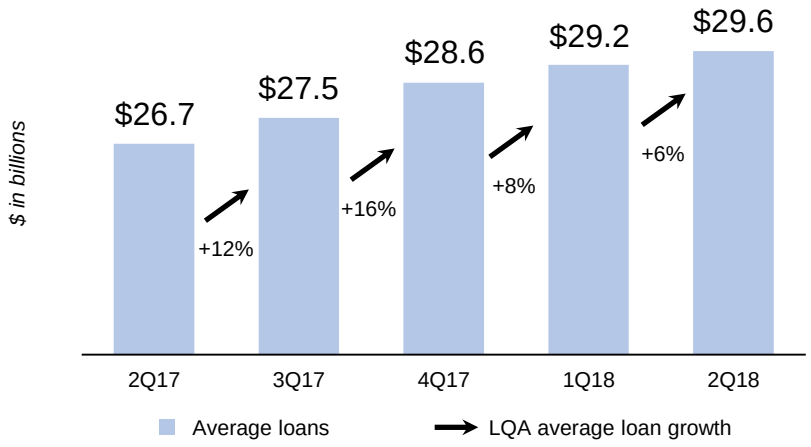
2Q18 Record Loans of $30.2 billion

2Q18 EOP Loan Mix: $30.2 billion

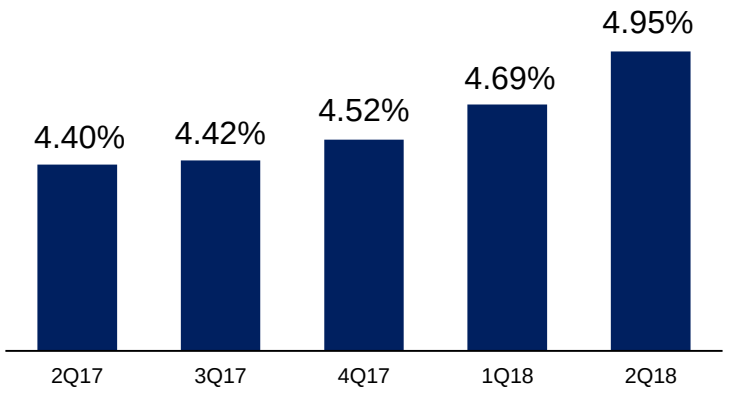


- EOP loan growth of 2% Q-o-Q (+9% LQA)
- Avg. loan growth of 1.5% Q-o-Q (+6% LQA).
  - Largest avg. growth by category in SFR, following similar trend from 1Q18.
- 2Q18 avg. loan yield of 4.95%, up by 26 bps Q-o-Q.
  - Yield expansion driven by upward repricing of variable rate loans.

Average Loans



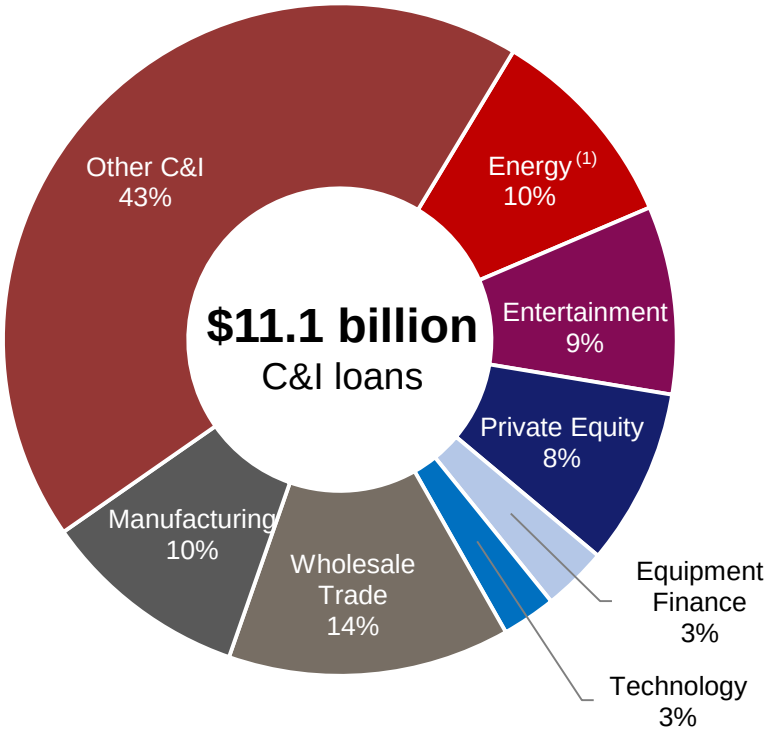
Average Loan Yield



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

Diversified C&I Loan Portfolio

Selected Portfolios (as of 06.30.18)

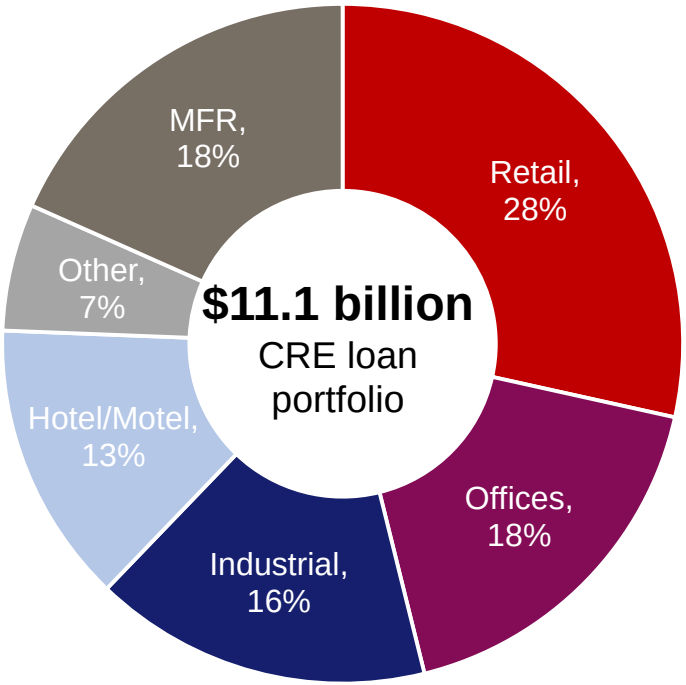


- C&I loans of $11.1bn were 37% of gross loans as of 06.30.18.
- Dominant market share in lending to Chinese American businesses in the U.S.
- Growth in specialized lending verticals is driven by Bridge Banking, EWBC's strategy of facilitating cross-border commercial opportunities.

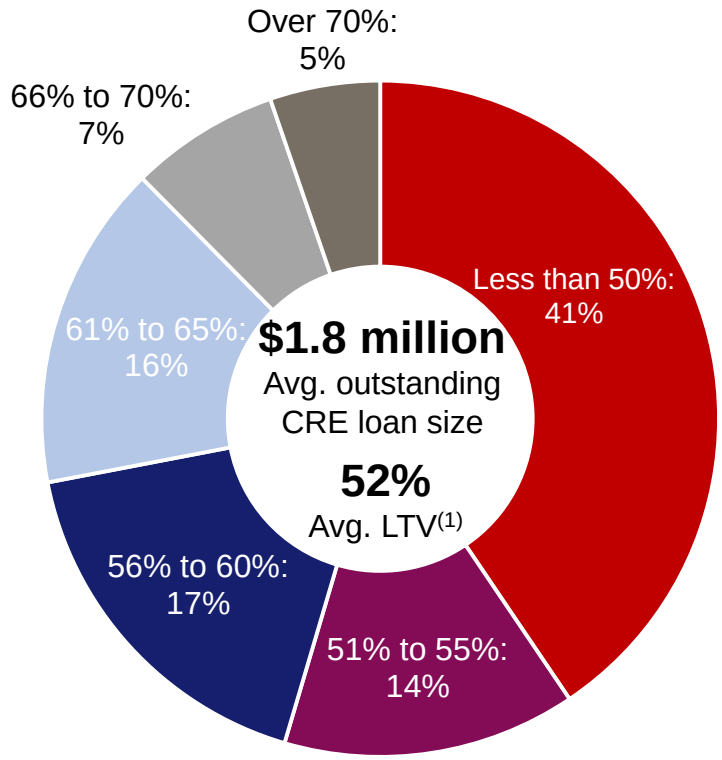
[1] Oil, gas, solar and alternative energy.

Diversified Commercial Real Estate Portfolio

Property Type Distribution (as of 06.30.18)



LTV Distribution (as of 06.30.18)

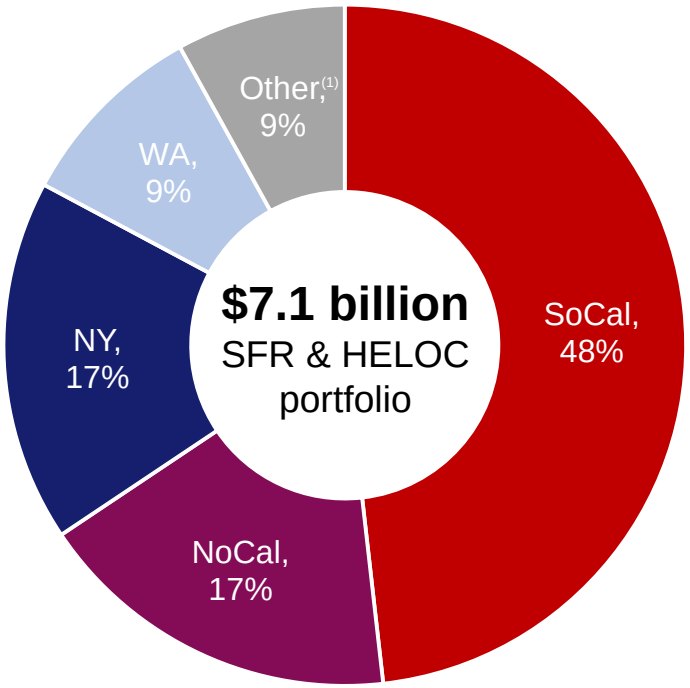


- CRE & MFR loans of $11.1bn were 37% of total gross loans as of 06.30.18.
- In addition, construction & land loans totaled only $624 million or 2% of total gross loans as of 06.30.18.

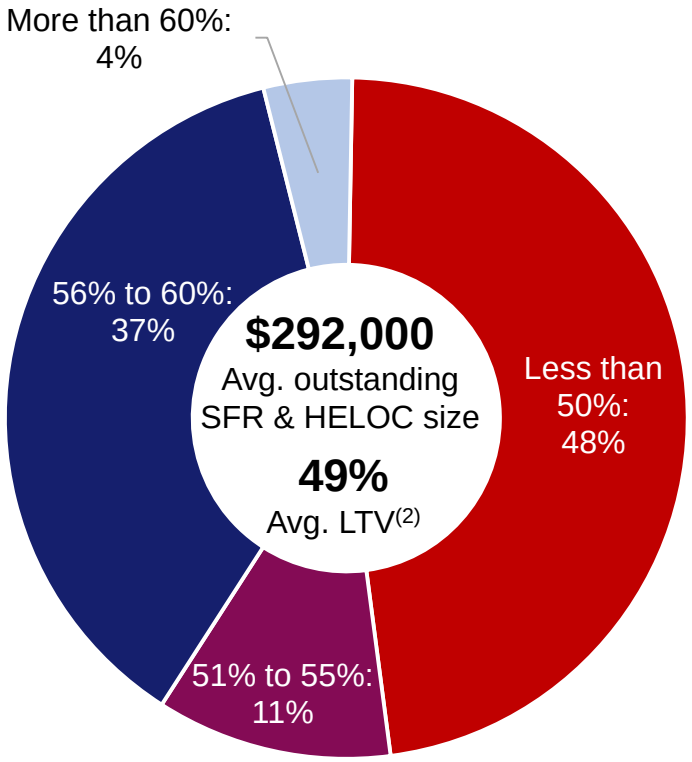
[1] LTV based on current loan balance and appraisal value at origination or renewal.

Low LTV Single Family Mortgage Portfolio

Geographic Distribution (as of 06.30.18)



LTV Distribution (as of 06.30.18)

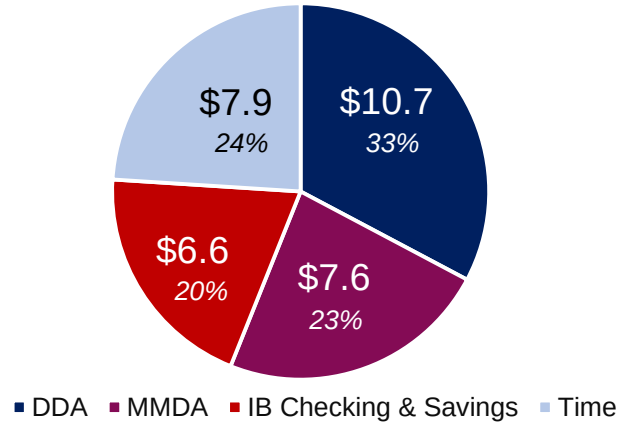


- SFR & HELOC of $7.1bn were 23% of gross loans as of 06.30.18.

[1] Other includes: GA, MA, MD, NV, NJ, OH, RI, TX, HK.
[2] LTV based on current loan balance and appraisal value at origination or renewal.

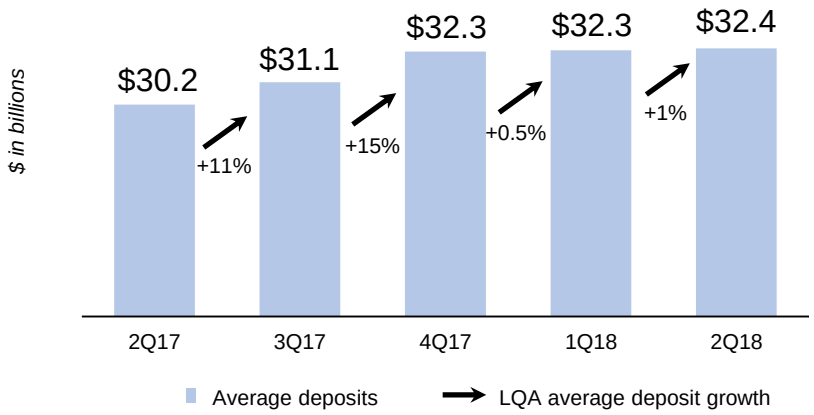
2Q18 Record Deposits of $32.8 billion

2Q18 EOP Deposit Mix: $32.8 billion

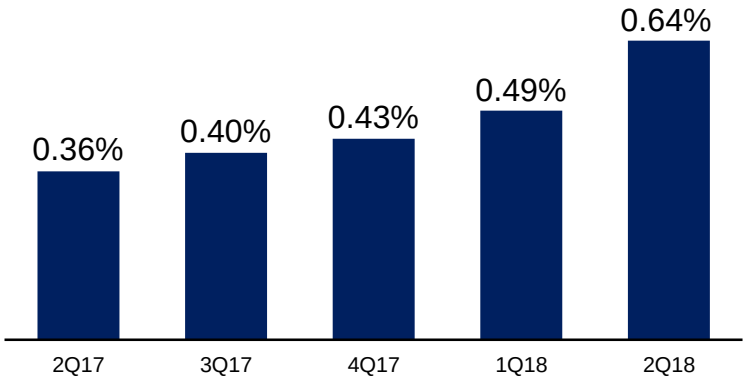


- EOP deposit growth of 0.5% Q-o-Q (+ 2% LQA).
- Avg. deposit growth of 0.3% Q-o-Q (+1% LQA).
  - Excluding $498mm of avg. Desert Community Bank (DCB) deposits held-for-sale in 1Q18, 2Q18 avg. deposit growth would have been 7% LQA.
- 2Q18 cost of total deposits: up 15 bps to 0.64%; cost of IB deposits: up 20 bps to 0.96%.

Average Deposits



Total Deposit Cost



2Q18 Summary Income Statement

$ in millions, except per share data	2Q18	1Q18	$ Change	% Change
Adjusted net interest income	$ 335.4	$ 321.5	$ 13.9	4 %
ASC 310-30 discount accretion income	6.3	5.2	1.1	21 %
Net interest income	341.7	326.7	15.0	5 %
Fees & operating income	44.6	38.2	6.4	17 %
Net gains on sales of fixed assets, loans & securities	3.7	4.8	(1.1)	(23) %
Net gain on sale of business	-	31.5	NM	NM
Total noninterest income	48.3	74.4	(26.2)	(35) %
Adjusted noninterest expense	155.6	150.3	5.3	4 %
Amortization of tax credit and other investments, and core deposit intangibles	21.9	18.9	3.0	16 %
Total noninterest expense	177.4	169.1	8.3	5 %
Provision for credit losses	15.5	20.2	4.7	(23) %
Income tax expense	24.6	24.8	(0.2)	(2) %
Net income	**$ 172.3**	**$ 187.0**	**$ (14.7)**	**(8) %**
Diluted EPS	**$ 1.18**	**$ 1.28**	**$ (0.10)**	**(8) %**

Notable Items

Adjusted earnings growth:

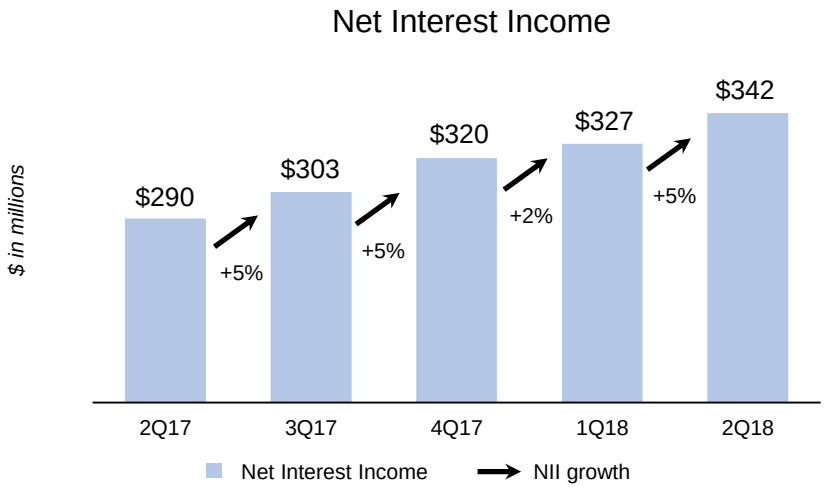
- 2Q18 net income of $172.3mm grew 5% from 1Q18 adj. net income of $164.9mm, excluding the gain on sale of DCB branches.
- 2Q18 diluted EPS of $1.18 grew 4% from 1Q18 adj. diluted EPS of $1.13, excluding the gain on sale of DCB branches.

Tax-related items:

- 2Q18 effective tax rate was 13%.
- Currently projecting full year 2018 effective tax rate of approx. 13%, compared to 16% previously.
- The reduction in the tax rate largely reflects a new tax credit investment added in the quarter.

Note: See reconciliation of GAAP to non-GAAP financial measures in the appendix of this presentation and in the Company's 2Q18 Earnings Press Release.

2Q18 Net Interest Income & Net Interest Margin



- 2Q18 NII of $341.7mm increased 5% Q-o-Q.
- 2Q18 GAAP NIM of 3.83% expanded by 10 bps Q-o-Q.

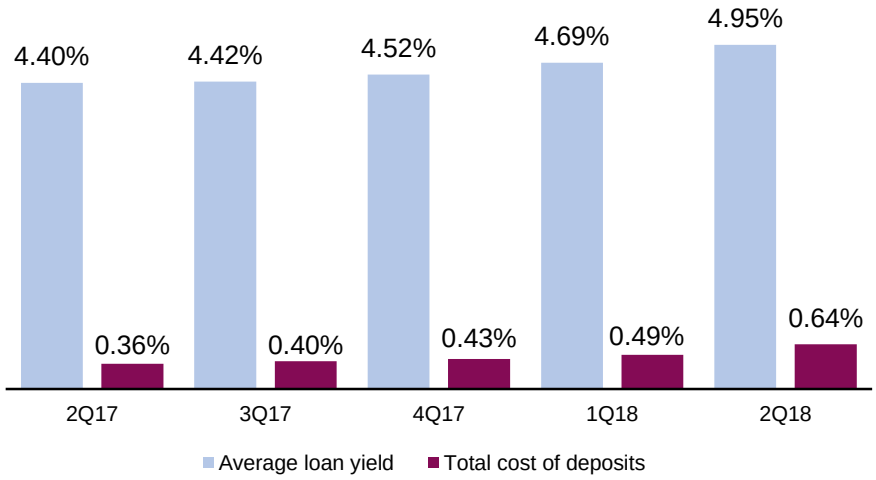
Rate shift: +23 bps from change in earning asset yields.

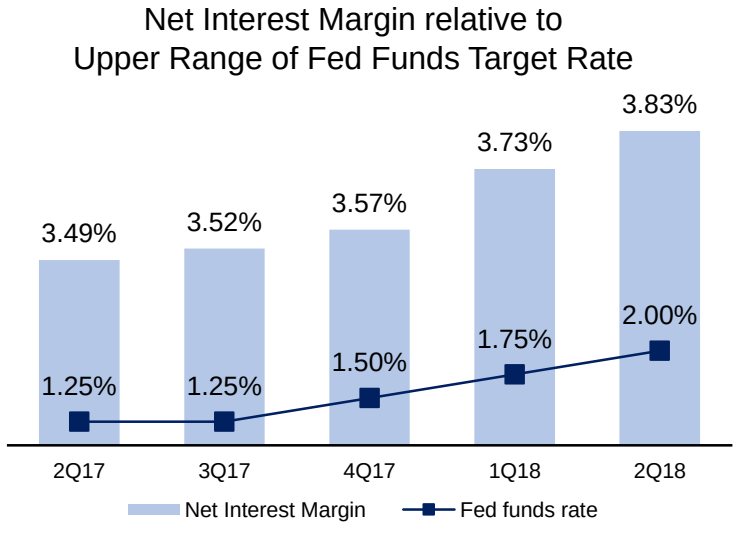
- +18 bps from loan yields,
- +3 bps from loan fees and discounts,
- +2 bps from other earning assets.

Rate shift: -13 bps from change in rates on funding costs.

- -12 bps from deposits,
- -1 bp from borrowings.

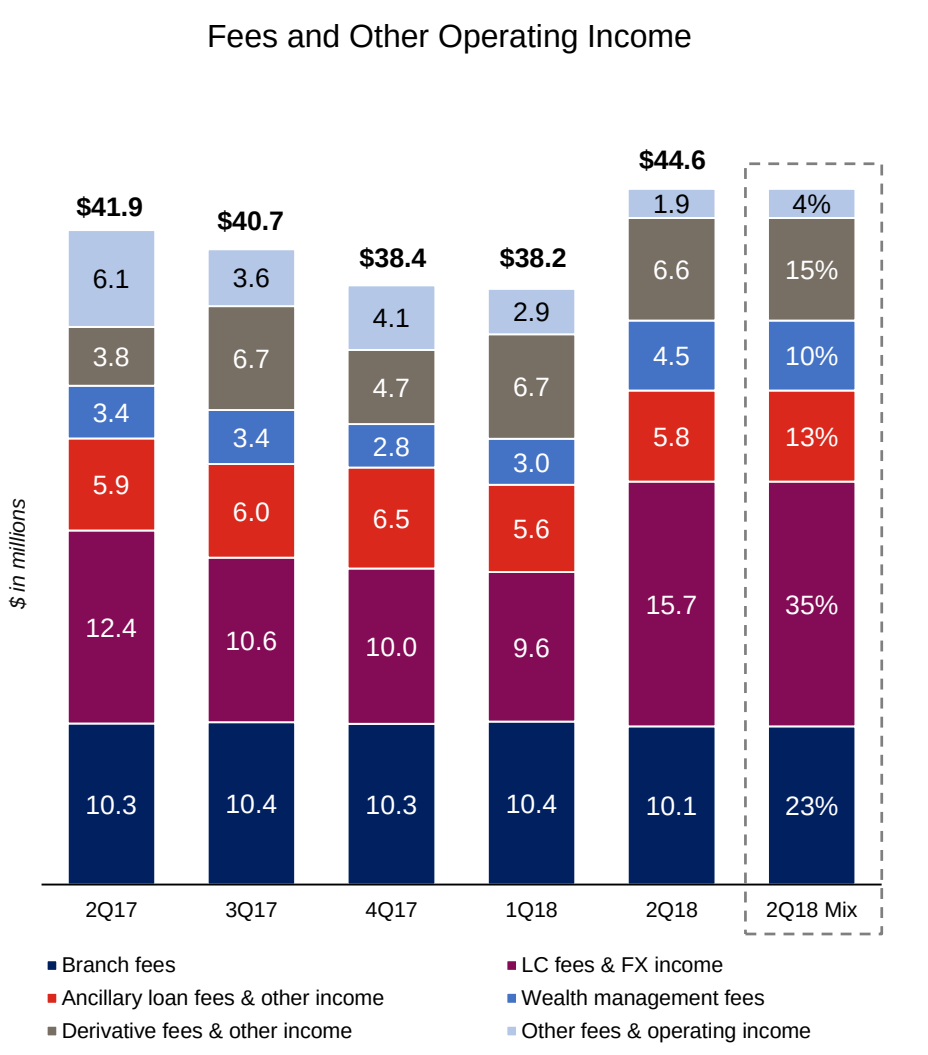
Mix shift: +1 bp from earning asset mix shift, offset by -1 bp from funding mix shift.





*See reconciliation of GAAP to non-GAAP financial measures in the appendix of this presentation and in the Company's 2Q18 Earnings Press Release.

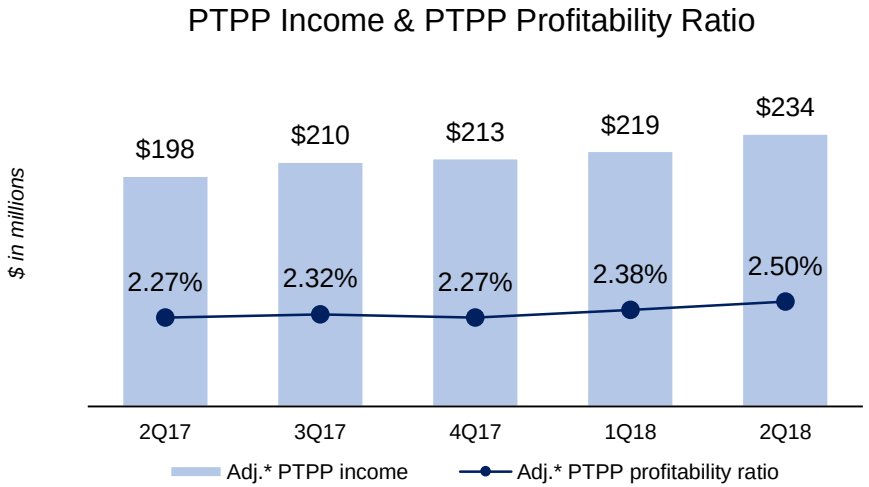
2Q18 Fees & Other Operating Income



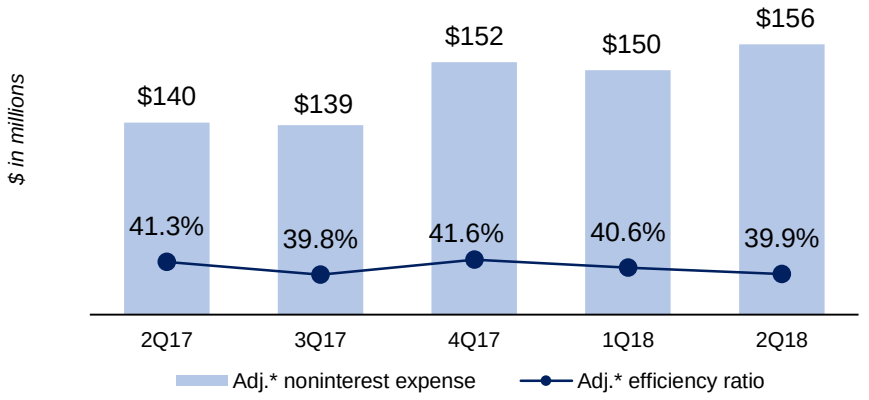
Q-o-Q Difference

- 2Q18 noninterest income totaled $48.3mm, a decrease from $74.4mm for 1Q18, which included a pre-tax gain of $31.5mm from the sale of DCB branches.
- Excluding the impact of all gains on sales, 2Q18 fees and other operating income of $44.6mm increased 17% Q-o-Q.
  - The increase in letters of credit fees and foreign exchange income largely reflected mark-to-market revaluations for foreign currency balance sheet items.
- Customer driven fees of $40.3mm increased by 3% Q-o-Q from $39.0mm; and increased by 3% Y-o-Y.
  - Strong derivative and wealth management fees.
  - Weaker customer driven FX fees.

2Q18 PTPP Profitability and Efficiency



- Generating positive operating leverage: revenue growth outpacing expense growth.
  - 2Q18 revenue up 5.5% Q-o-Q ex. DCB gain in 1Q.
  - 2Q18 adj.* noninterest expense up 3.5% Q-o-Q.
- Pre-tax, pre-provision (PTPP) income growth: 2Q18 PTPP income of $234.4mm, up 7% Q-o-Q and up 18% Y-o-Y.
- PTPP profitability expansion: 5-qtr adj. PTPP profitability ratio range of 2.27% to 2.50%.

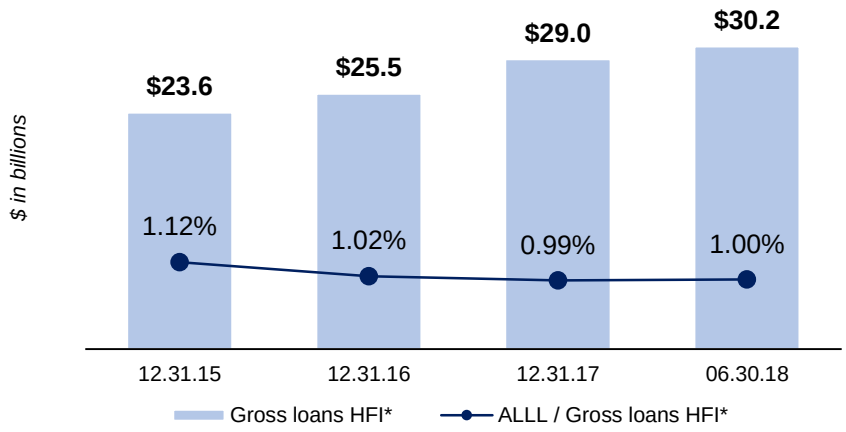


- 2Q18 total noninterest expense: $177.4mm.
- 2Q18 adj.* noninterest expense: $155.6mm.
  - Q-o-Q expense increases: consulting, travel, legal, computer software and recruiting.
  - Q-o-Q expense decreases: compensation and employee benefits, which were seasonally higher in 1Q; deposit insurance premiums and regulatory assessments.
- 2Q18 adj.* efficiency ratio: 39.9%, compared to 40.6% in 1Q18.

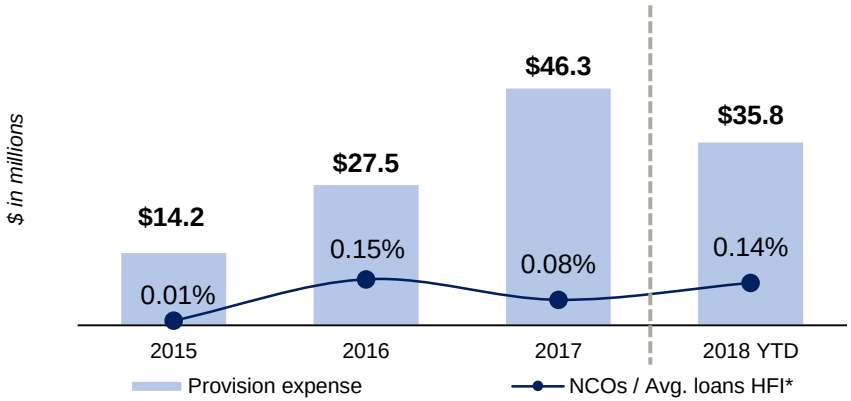
*See reconciliation of GAAP to non-GAAP financial measures in the appendix of this presentation and in the Company's 2Q18 Earnings Press Release.

Asset Quality Metrics

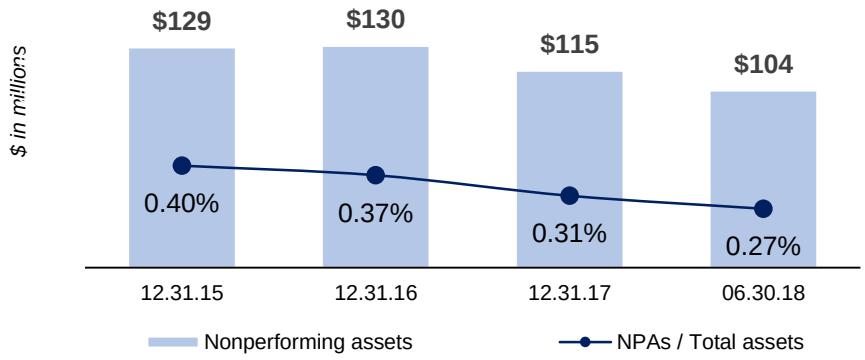
Allowance for Loan Losses



Provision Expense & Annualized Net Charge-off* Ratio



Nonperforming Assets*



- Allowance for loan losses to loans HFI was 1.00% as of 06.30.18, compared to 1.01% as of 03.31.18.
- 2Q18 net charge-off ratio: 0.15% annualized, compared to 0.13% in 1Q18.
- Nonperforming assets were $103.5mm as of 06.30.18, or 0.27% of total assets, down by 21% from $131.0mm, or 0.35% of total assets as of 03.31.18.
- Nonperforming assets decreased Q-o-Q, largely driven by resolutions of C&I and construction and land nonaccrual loans.

* Nonperforming assets and net charge-offs exclude purchased credit impaired loans. HFI represents held-for-investment.

Interest Rate Sensitivity

EWBC's Net Interest Income Sensitivity to Selected Interest Rate Scenarios (as of June 30, 2018)

	Net Interest Income Volatility:					
	30-Jun-2018			31-Dec-2017		
Change in Interest Rates :	% change	$ in mm	in EPS	% change	$ in mm	in EPS
+ 200 bps	20.0%	$269.6	+ $ 1.61	18.9%	$223.7	+ $ 1.14
+ 100 bps	10.1%	$136.1	+ $ 0.81	10.7%	$126.8	+ $ 0.65
- 100 bps	-8.6%	($115.9)	- $ (0.69)	-7.4%	($87.2)	- $ (0.44)
- 200 bps	-14.7%	($198.1)	- $ (1.18)	-12.6%	($149.0)	- $ (0.76)

	Net Interest Income Volatility as of 6/30/18 Given a 12-Month Demand Deposit Migration of:								
	$1.0 billion			$2.0 billion			$3.0 billion		
Change in Interest Rates :	% change	$ in mm	in EPS	% change	$ in mm	in EPS	% change	$ in mm	in EPS
+200 bps	18.2%	$245.3	+ $ 1.46	17.8%	$239.9	+ $ 1.43	16.6%	$223.7	+ $ 1.33
+100 bps	8.9%	$120.0	+ $ 0.71	8.5%	$114.6	+ $ 0.68	8.2%	$110.5	+ $ 0.66

- EWBC's deposit mix over the past five quarters:
  - CDs ranged from 18% to 24%.
  - DDAs ranged from 33% to 36%.
- A surge deposit study was conducted to identify the amount of volatile deposits and to estimate the likelihood of run-off in various interest rate environments.

Note: NII sensitivity translated into $ and EPS using annualized 1H18 NII, FY 2017 NII, expected FY 2018 effective tax rate, & FY 2017 effective tax rate adjusted for impact of enactment of the Tax Cuts & Jobs Act.

Loan Portfolio: Underlying Interest Rate Detail

EWBC's Loan Portfolio Breakdown: Fixed, Hybrid, & Variable Rate Loans (as of June 30, 2018)

	$ in mm.	% of total loans	$ in mm.	% of category
True Fixed rate loans	**2,604.7**	**8.6%**		
Hybrid: no floors	191.7	0.6%		
Hybrid: Interest rates above floors	4,639.3	15.3%		
Of which, linked to Prime			745.6	16.1%
Of which, linked to 1M Libor			1.8	0.0%
Of which, linked to Other Libor			711.9	15.3%
Hybrid: Interest rates below floors	33.9	0.1%		
Hybrid: Interest rates at floors	4.6	0.0%		
Subtotal: Hybrid loans	**4,869.4**	**16.1%**		
Variable: no floors	**15,539.1**	**51.4%**		
Of which, linked to Prime			6,009	39%
Of which, linked to 1M Libor			5,633	36%
Of which, linked to Other Libor			1,792	12%
Variable: Interest rate above floors	**7,007.9**	**23.2%**		
Of which, linked to Prime			4,091	58%
Of which, linked to 1M Libor			1,803	26%
Of which, linked to Other Libor			614	9%
Variable: Interest rate at floors	**26.1**	**0.1%**		
Variable: Interest rate below floors	**175.4**	**0.6%**		
Of which, linked to Prime			65	37%
Of which, linked to 1M Libor			43	25%
Of which, linked to Other Libor			42	24%
Subtotal: Variable rate loans	**22,748.4**	**75.2%**		
Other (NPLs, premiums, discounts)	22.4	0.1%		
Total gross loans	**30,245.0**	**100.0%**		

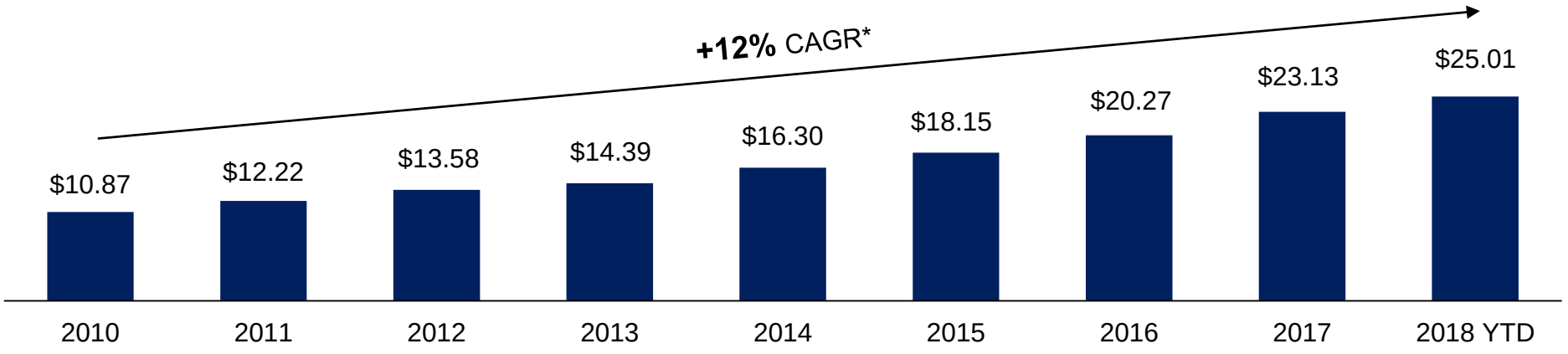
Note: Hybrid loans shows those still in fixed rate period. Hybrid loans already subject to variable rate are shown in Variable loans.

Note: Loans (HFI & HFS) net of deferred fees, premiums, or discounts, and gross of ALLL.

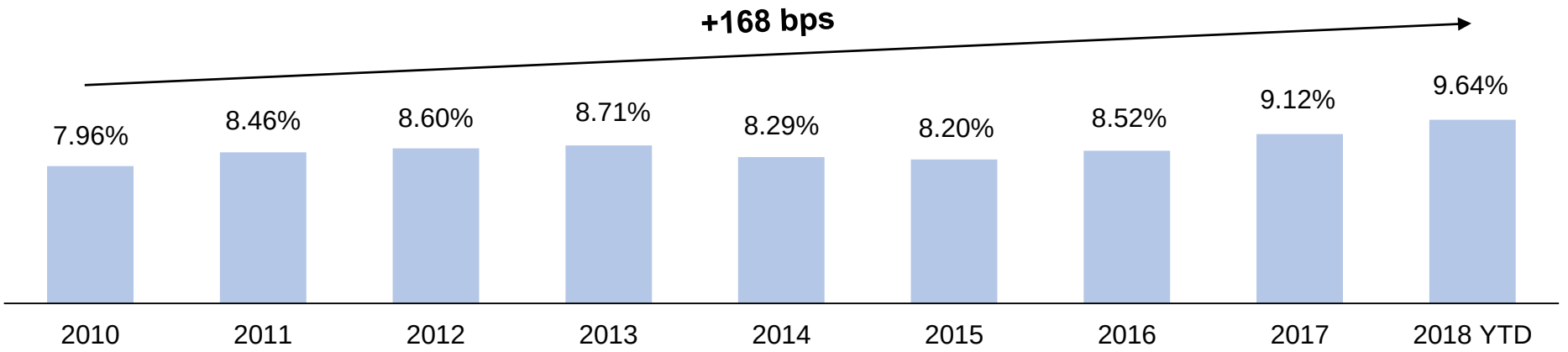
- EWBC's loan portfolio is predominantly linked to Prime Rate and short-term LIBOR, a profile that has been consistent over time.
- 75% of EWBC's loan portfolio is variable rate, including hybrid loans in variable period.
  - Less than 10% is fixed rate.

Steadily Growing Equity While Maintaining Robust TCE

Tangible Equity per Share



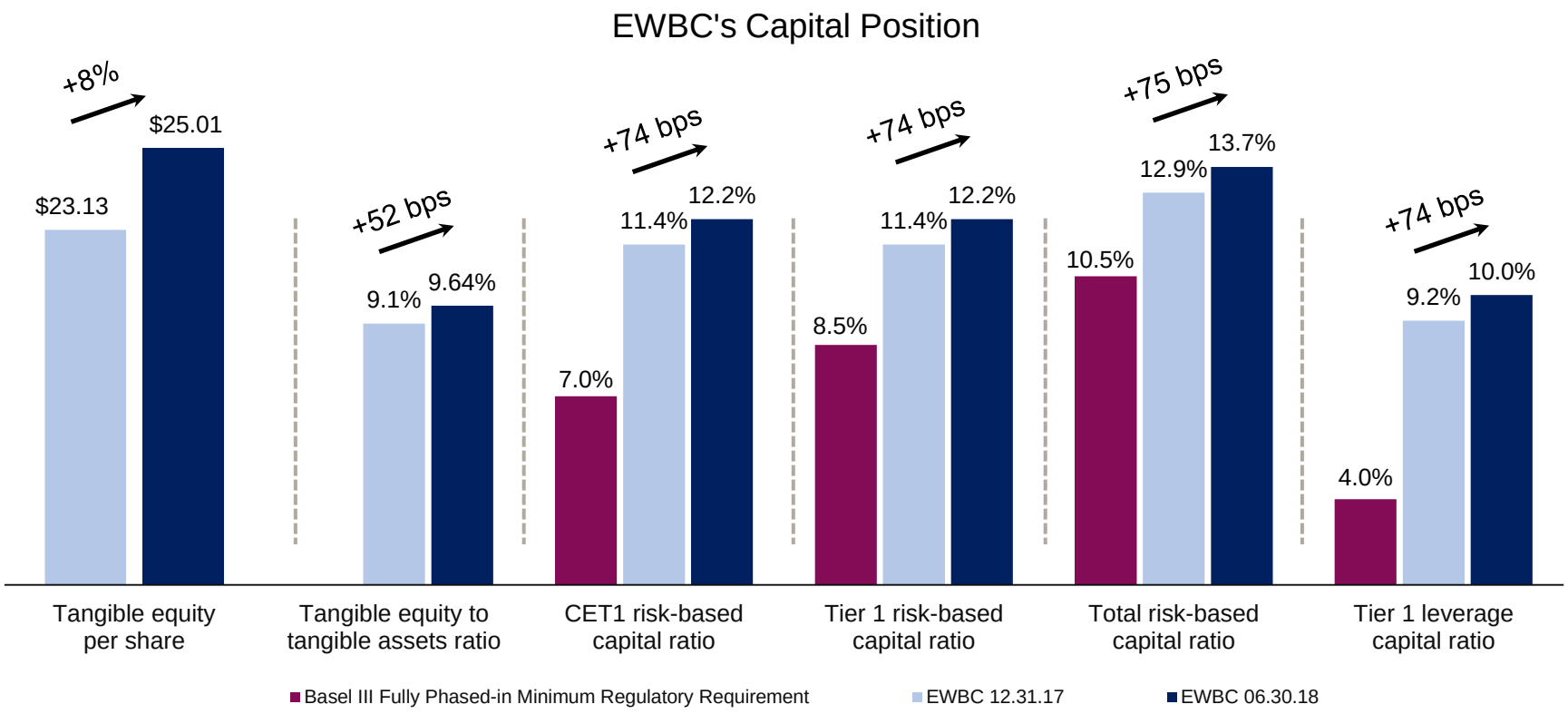
Tangible Equity to Tangible Assets Ratio



* CAGR = 7.5 years compound annual growth rate from 2010 to 2018 YTD.

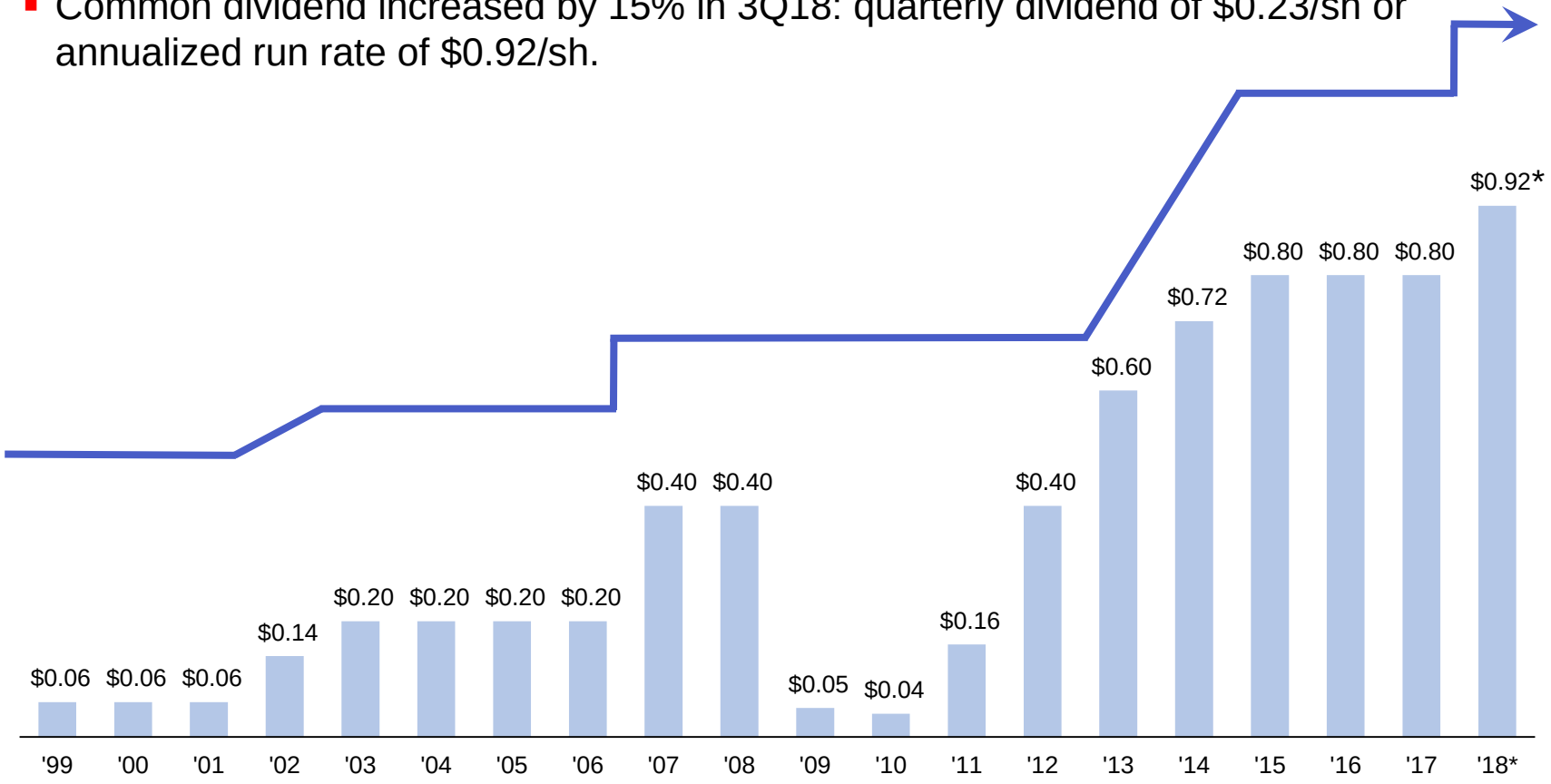
Strong Capital Ratios

- Regulatory capital ratios increased by 74 bps to 75 bps year-to-date.
- Current earnings levels support organic growth, capital ratio expansion, and an increase to the common dividend.



Providing a Healthy Dividend to Stockholders

- EWBC has consistently paid an annual dividend on the common stock since going public in 1999.
- Common dividend increased by 15% in 3Q18: quarterly dividend of $0.23/sh or annualized run rate of $0.92/sh.



* Annualized run-rate based on the 3Q18 dividend of $0.23 per share or $0.92 annualized.

APPENDIX

EAST WEST BANK
Your financial bridge®

Appendix: GAAP to Non-GAAP Reconciliation

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

During the first quarter of 2017, the Company consummated a sale and leaseback transaction on a commercial property and recognized a pre-tax gain on sale of $71.7 million. During the first quarter of 2018, the Company sold its Desert Community Bank ("DCB") branches and recognized a pre-tax gain on sale of $31.5 million. 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 exclude the impact of after-tax gains on the sales of the commercial property and DCB branches (where applicable) provides clarity to financial statement users regarding the ongoing performance of the Company and allows comparability to prior periods.

		Three Months Ended		
		June 30, 2018	**March 31, 2018**	**June 30, 2017**
Net income	(a)	$ 172,349	$ 187,032	$ 118,330
Less: Gain on sale of business, net of tax [1]	(b)	—	(22,167)	—
Adjusted net income	**(c)**	**$ 172,349**	**$ 164,865**	**$ 118,330**
Diluted weighted average number of shares outstanding	**(d)**	**146,091**	**145,939**	**145,740**
Diluted EPS	(a)/(d)	$ 1.18	$ 1.28	$ 0.81
Diluted EPS impact of gain on sale of business, net of tax	(b)/(d)	—	(0.15)	—
Adjusted diluted EPS		**$ 1.18**	**$ 1.13**	**$ 0.81**
Average total assets	(e)	$ 37,568,895	$ 37,381,098	$ 34,994,935
Average stockholders' equity	(f)	$ 4,062,311	$ 3,922,926	$ 3,637,695
Return on average assets [2]	**(a)/(e)**	**1.84 %**	**2.03 %**	**1.36 %**
Adjusted return on average assets [2]	**(c)/(e)**	**1.84 %**	**1.79 %**	**1.36 %**
Return on average equity [2]	**(a)/(f)**	**17.02 %**	**19.34 %**	**13.05 %**
Adjusted return on average equity [2]	**(c)/(f)**	**17.02 %**	**17.04 %**	**13.05 %**

(1) Statutory rate of 29.56% was applied for the three months ended March 31, 2018, and the three months ended June 30, 2018. Statutory rate of 42.05% was applied for the three months ended June 30, 2017.

(2) Annualized.

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

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

Adjusted efficiency ratio represents adjusted noninterest expense divided by adjusted revenue. Adjusted pre-tax, pre-provision profitability ratio represents the aggregate of adjusted revenue less adjusted noninterest expense, divided by average total assets. Adjusted revenue represents the aggregate of net interest income and adjusted noninterest income, where adjusted noninterest income excludes the gains on the sales of the commercial property and DCB branches (where applicable). Adjusted noninterest expense excludes the amortization of tax credit and other investments, and the amortization of core deposit intangibles (where applicable). 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		
		June 30, 2018	March 31, 2018	June 30, 2017
Net interest income before provision for credit losses	(a)	$ 341,679	$ 326,693	$ 290,091
Total noninterest income		48,268	74,444	47,244
Total revenue	(b)	389,947	401,137	337,335
Noninterest income		48,268	74,444	47,244
Less: Gain on sale of business		—	(31,470)	—
Adjusted noninterest income	(c)	$ 48,268	$ 42,974	$ 47,244
Adjusted revenue	**(a)+(c) = (d)**	**$ 389,947**	**$ 369,667**	**$ 337,335**
Total noninterest expense	(e)	$ 177,419	$ 169,135	$ 168,965
Less: Amortization of tax credit and other investments		(20,481)	(17,400)	(27,872)
Amortization of core deposit intangibles		(1,373)	(1,485)	(1,762)
Adjusted noninterest expense	**(f)**	**$ 155,565**	**$ 150,250**	**$ 139,331**
Efficiency ratio	**(e)/(b)**	**45.50 %**	**42.16 %**	**50.09 %**
Adjusted efficiency ratio	**(f)/(d)**	**39.89 %**	**40.64 %**	**41.30 %**
Adjusted pre-tax, pre-provision income	**(d)-(f) = (g)**	**$ 234,382**	**$ 219,417**	**$ 198,004**
Average total assets	(h)	$ 37,568,895	$ 37,381,098	$ 34,994,935
Adjusted pre-tax, pre-provision profitability ratio [1]	**(g)/(h)**	**2.50 %**	**2.38 %**	**2.27 %**
Adjusted noninterest expense [1]/average assets	**(f)/(h)**	**1.66 %**	**1.63 %**	**1.60 %**

(1) Annualized.

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

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

Management believes that presenting the adjusted average loan yield and adjusted net interest margin that exclude the ASC 310-30 discount accretion impact provides clarity to financial statement users regarding the change in loan contractual yields and allows comparability to prior periods.

		Three Months Ended		
Yield on Average Loans		**June 30, 2018**	**March 31, 2018**	**June 30, 2017**
Interest income on loans	(a)	$ 365,555	$ 337,904	$ 293,039
Less: ASC 310-30 discount accretion income		(6,299)	(5,200)	(6,261)
Adjusted interest income on loans	**(b)**	**$ 359,256**	**$ 332,704**	**$ 286,778**
Average loans	(c)	$ 29,646,766	$ 29,211,906	$ 26,698,787
Add: ASC 310-30 discount		29,997	34,059	45,398
Adjusted average loans	**(d)**	**$ 29,676,763**	**$ 29,245,965**	**$ 26,744,185**
Average loan yield [1]	**(a)/(c)**	**4.95 %**	**4.69 %**	**4.40 %**
Adjusted average loan yield [1]	**(b)/(d)**	**4.86 %**	**4.61 %**	**4.30 %**
Net Interest Margin				
Net interest income	(e)	$ 341,679	$ 326,693	$ 290,091
Less: ASC 310-30 discount accretion income		(6,299)	(5,200)	(6,261)
Adjusted net interest income	**(f)**	**$ 335,380**	**$ 321,493**	**$ 283,830**
Average interest-earning assets	(g)	$ 35,767,808	$ 35,513,663	$ 33,295,012
Add: ASC 310-30 discount		29,997	34,059	45,398
Adjusted average interest-earning assets	**(h)**	**$ 35,797,805**	**$ 35,547,722**	**$ 33,340,410**
Net interest margin [1]	**(e)/(g)**	**3.83 %**	**3.73 %**	**3.49 %**
Adjusted net interest margin [1]	**(f)/(h)**	**3.76 %**	**3.67 %**	**3.41 %**

(1) Annualized.

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

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.

		June 30, 2018	March 31, 2018	June 30, 2017
Stockholders' equity	(a)	$ 4,114,284	$ 3,978,755	$ 3,670,261
Less: Goodwill		(465,547)	(465,547)	(469,433)
Other intangible assets [1]		(25,029)	(26,196)	(32,012)
Tangible equity	**(b)**	**$ 3,623,708**	**$ 3,487,012**	**$ 3,168,816**
Total assets	(c)	$ 38,072,954	$ 37,693,158	$ 35,917,617
Less: Goodwill		(465,547)	(465,547)	(469,433)
Other intangible assets [1]		(25,029)	(26,196)	(32,012)
Tangible assets	**(d)**	**$ 37,582,378**	**$ 37,201,415**	**$ 35,416,172**
Total stockholders' equity to total assets ratio	**(a)/(c)**	**10.81 %**	**10.56 %**	**10.22 %**
Tangible equity to tangible assets ratio	**(b)/(d)**	**9.64 %**	**9.37 %**	**8.95 %**

Adjusted return on average tangible equity represents adjusted tangible net income divided by average tangible equity. Adjusted tangible net income excludes the after-tax effects of the amortization of core deposit intangibles and mortgage servicing assets and the after-tax gains on the sales of the commercial property and DCB branches (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		
		June 30, 2018	March 31, 2018	June 30, 2017
Net Income		$ 172,349	$ 187,032	$ 118,330
Add: Amortization of core deposit intangibles, net of tax [2]		967	1,046	1,021
Amortization of mortgage servicing assets, net of tax [2]		305	333	241
Tangible net income	**(e)**	**$ 173,621**	**$ 188,411**	**$ 119,592**
Less: Gain on sale of business, net of tax [2]		—	(22,167)	—
Adjusted tangible net income	**(f)**	**$ 173,621**	**$ 166,244**	**$ 119,592**
Average stockholders' equity		$ 4,062,311	$ 3,922,926	$ 3,637,695
Less: Average goodwill		(465,547)	(468,785)	(469,433)
Average other intangible assets [1]		(25,648)	(28,102)	(33,101)
Average tangible equity	**(g)**	**$ 3,571,116**	**$ 3,426,039**	**$ 3,135,161**
Return on average tangible equity [3]	**(e)/(g)**	**19.50 %**	**22.30 %**	**15.30 %**
Adjusted return on average tangible equity [3]	**(f)/(g)**	**19.50 %**	**19.68 %**	**15.30 %**

(1) Includes core deposit intangibles and mortgage servicing assets.
(2) Statutory rate of 29.56% was applied for the three months ended March 31, 2018, and the three months ended June 30, 2018. Statutory rate of 42.05% was applied for the three months ended June 30, 2017
(3) Annualized.