EWBC Investor Presentation

Second Quarter 2019

August 2019

EAST WEST BANK
Your financial bridge®

Forward-Looking Statements

Forward-Looking Statements

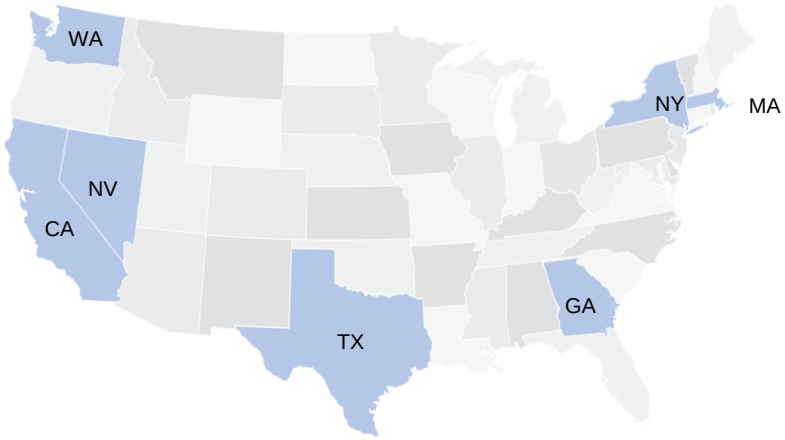
Certain matters set forth herein (including any exhibits hereto) constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including forward-looking statements relating to our current business plans and expectations regarding future operating 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 ongoing trade dispute between the 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 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; changes in the United States ("U.S.") economy, including inflation, deflation, employment levels, rate of growth and general business conditions; government intervention in the financial system, including changes in government interest rate policies; 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 political developments, 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 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; changes in income tax laws and regulations and the impact of the Tax Cuts and Jobs Act of 2017; 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; 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 our stock price; 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 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 its Annual Report on Form 10-K for the year ended December 31, 2018, 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 Bank at a Glance

East West Bank is the largest independent bank headquartered in Southern California with 130+ locations in the U.S. and Greater China

UNITED STATES

120+ Locations across 7 states
80 U.S. branches in California



GREATER CHINA

10 Locations



Branches: 1 Hong Kong 2 Shanghai 3 Shanghai FTZ 4 Shantou 5 Shenzhen
Rep offices: 6 Beijing 7 Chongqing 8 Guangzhou 9 Taipei 10 Xiamen

46 Years of operating history	**3,200** Associates	**$43 billion** Asset size	2010-2019 TOP 15 Forbes 2019 BEST BANKS IN AMERICA

Bank Rankings by Total Assets and Market Cap

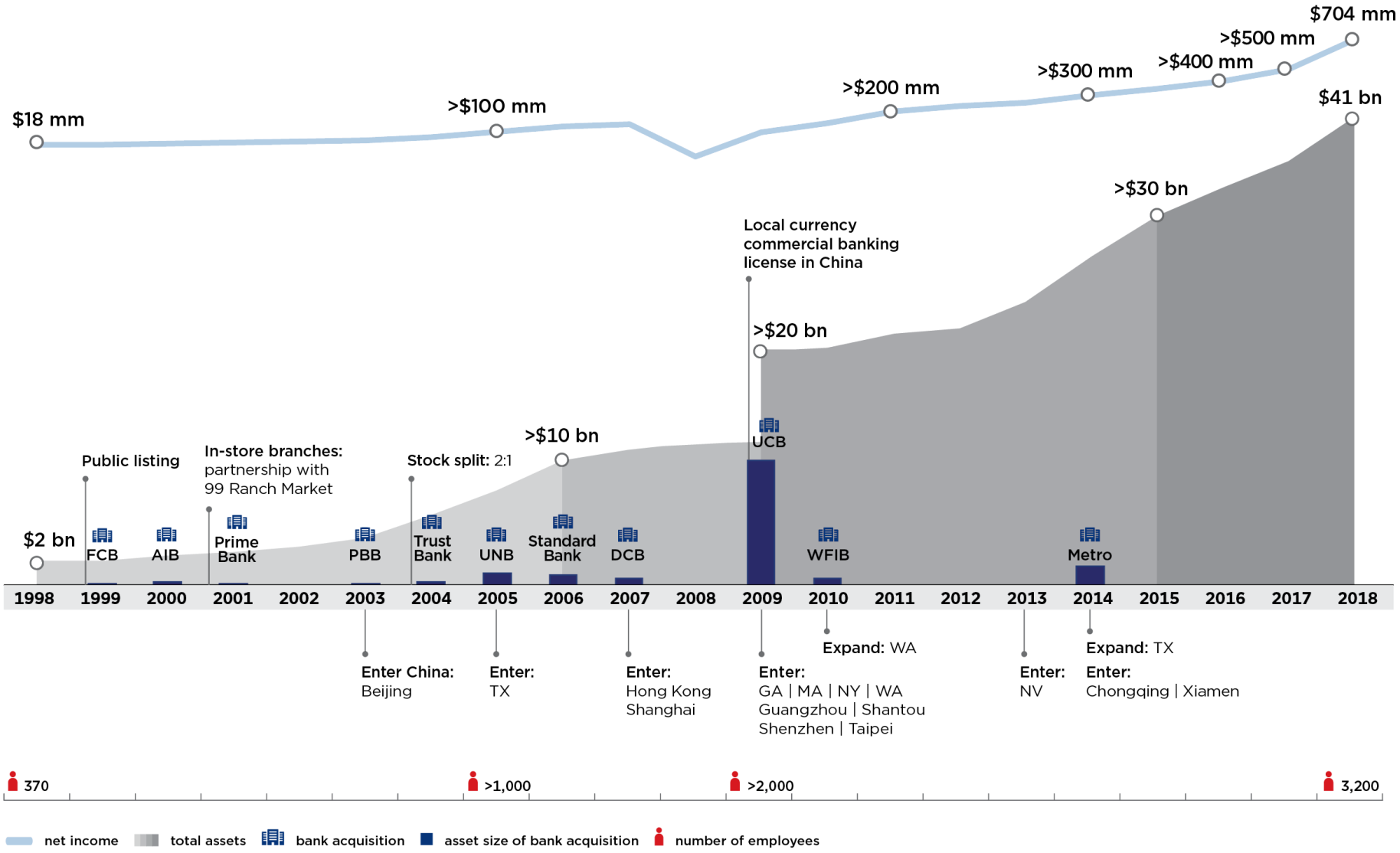
Rank	Total Assets (as of 6.30.19)	Ticker	$ Billion	Mcap / Assets
1	JPMorgan Chase & Co.	JPM	2,727.4	14%
2	Bank of America Corp.	BAC	2,395.9	12%
3	Citigroup Inc.	C	1,988.2	8%
4	Wells Fargo & Company	WFC	1,923.4	11%
5	U.S. Bancorp	USB	481.7	19%
6	PNC Financial Services Group	PNC	405.8	16%
7	Capital One	COF	373.6	11%
8	BB&T Corp.	BBT	230.9	17%
9	SunTrust Banks	STI	222.3	13%
10	Fifth Third Bancorp	FITB	168.8	13%
11	Citizens Financial Group	CFG	162.7	11%
12	KeyCorp	KEY	144.5	13%
13	Regions Financial Corp.	RF	127.5	13%
14	M&T Bank Corp.	MTB	121.6	18%
15	Huntington Bancshares	HBAN	108.2	14%
16	First Republic Bank	FRC	105.7	16%
17	Comerica	CMA	72.5	15%
18	Zions Bancorporation	ZION	70.1	11%
19	SVB Financial Group	SIVB	63.8	19%
20	New York Community Bancorp	NYCB	52.8	10%
21	People's United Financial	PBCT	51.6	13%
22	CIT Group Inc.	CIT	50.6	10%
23	Signature Bank	SBNY	48.9	14%
24	Synovus Financial Corp.	SNV	47.3	13%
25	**East West Bancorp**	**EWBC**	**42.9**	**16%**

Rank	Market Cap (as of 7.30.19)	Ticker	$ Billion	Mcap / Assets
1	JPMorgan Chase & Co.	JPM	374.9	14%
2	Bank of America Corp.	BAC	287.5	12%
3	Wells Fargo & Company	WFC	214.6	11%
4	Citigroup Inc.	C	162.0	8%
5	U.S. Bancorp	USB	90.5	19%
6	PNC Financial Services Group	PNC	63.4	16%
7	Capital One	COF	42.9	11%
8	BB&T Corp.	BBT	39.4	17%
9	SunTrust Banks	STI	29.4	13%
10	M&T Bank Corp.	MTB	22.1	18%
11	Fifth Third Bancorp	FITB	21.9	13%
12	KeyCorp	KEY	18.6	13%
13	Citizens Financial Group	CFG	17.2	11%
14	First Republic Bank	FRC	16.9	16%
15	Regions Financial Corp.	RF	16.1	13%
16	Huntington Bancshares	HBAN	15.0	14%
17	SVB Financial Group	SIVB	11.9	19%
18	Comerica	CMA	11.0	15%
19	Zions Bancorporation	ZION	8.0	11%
20	**East West Bancorp**	**EWBC**	**7.1**	**16%**
21	Signature Bank	SBNY	6.9	14%
22	Commerce Bancshares	CBSH	6.7	26%
23	People's United Financial	PBCT	6.5	13%
24	Synovus Financial Corp.	SNV	6.1	13%
25	Cullen/Frost Bankers	CFR	6.0	19%

* BBT & STI announced a merger of equals on February 7, 2019.

· Source: SNL Financial and EWBC. Excludes: subsidiaries of foreign banks, broker/dealers, trust & custody banks, consumer finance co's, and Puerto Rico-based banks.

History of East West since Going Public in 1999



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

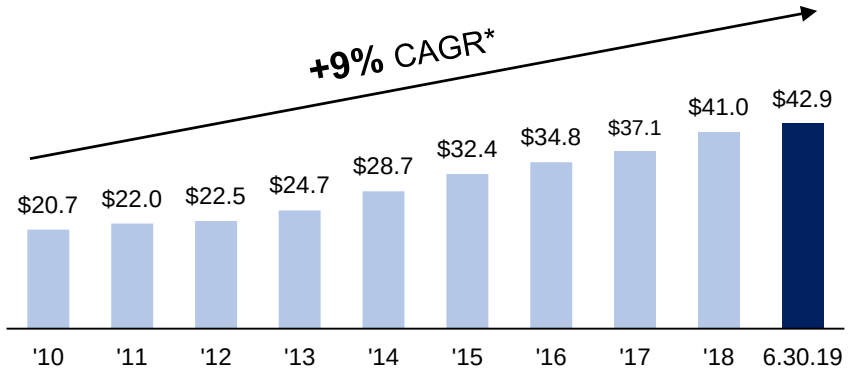
Delivering above peer profitability driven by consistent, sustainable loan and deposit growth, as well as a focus on operational excellence.

Robust investment in risk management and corporate governance best practices.

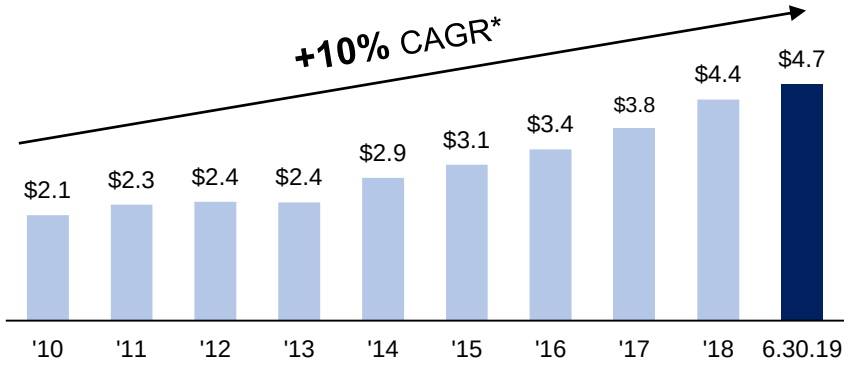
Strong Balance Sheet Growth

($ in billions)

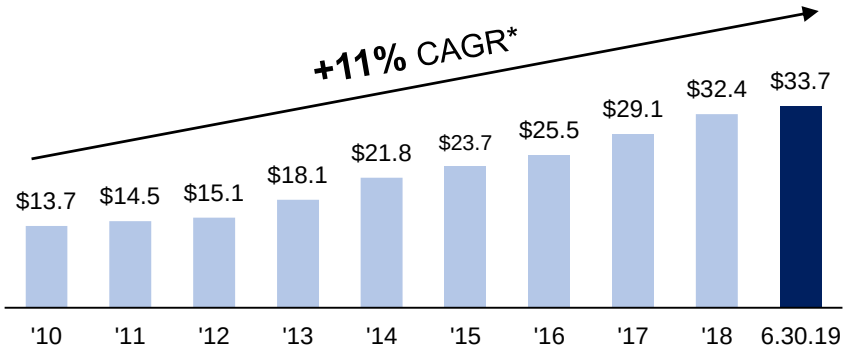
Total Assets



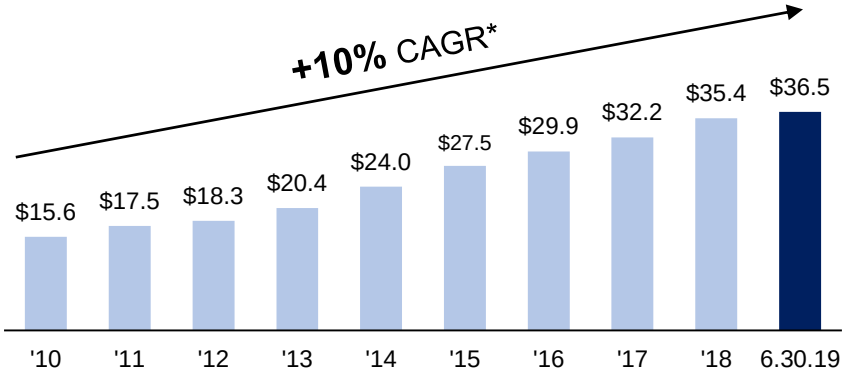
Stockholders' Equity



Total Loans



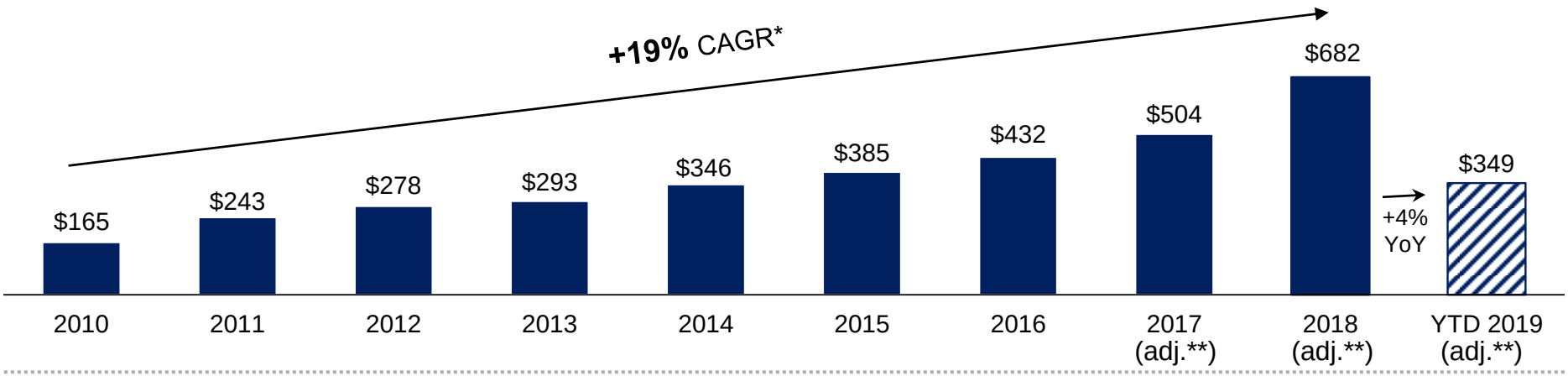
Total Deposits



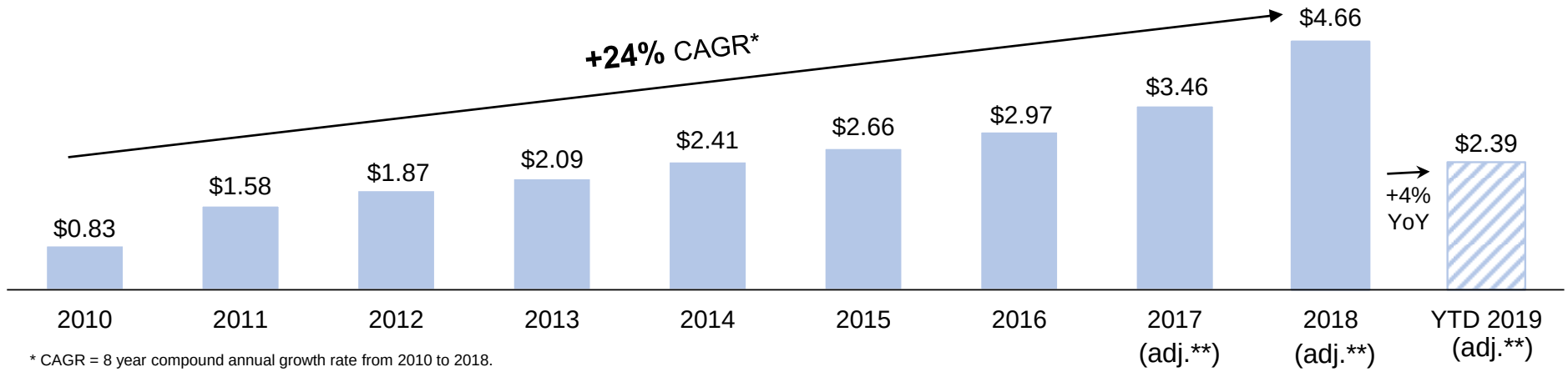
* CAGR from December 31, 2010 – June 30, 2019.

Strong Earnings Growth

Net Earnings ($ in millions)



Diluted EPS



* CAGR = 8 year compound annual growth rate from 2010 to 2018.
** See reconciliation of GAAP to non-GAAP financial measures in the Company's Earnings Press Releases.

Highlights of Second Quarter 2019 Results

$ in millions, except per share data	Current Quarter	Q-o-Q Change	Y-o-Y Change
Earnings			
Net income	$ 150.4	(8)%	(13)%
Adj.[1] net income	$ 180.5	7%	5%
EPS	$ 1.03	(8)%	(13)%
Adj.[1] EPS	$ 1.24	7%	5%
NII	$ 367.3	1%	8%
NIM	3.73%	(6) bps	(10) bps
Balance Sheet			
Loans	$ 33,734	3%	12%
Deposits	$ 36,478	0.6%	11%
TBVPS[1]	$ 29.20	3%	17%
Credit Quality			
NCO ratio	0.09%	(9) bps	(5) bps
NPAs to total assets	0.28%	(5) bps	1 bps

2Q19 Net income
$150 million

2Q19 Adj.[1] Net income
$180 million

2Q19 Diluted EPS
$1.03

2Q19 Adj.[1] Diluted EPS
$1.24

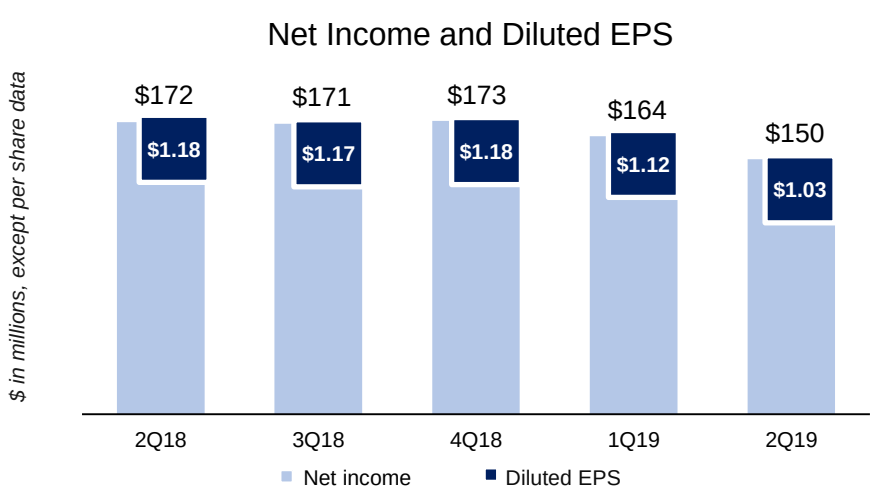
Record operating[2] revenue
$420 million

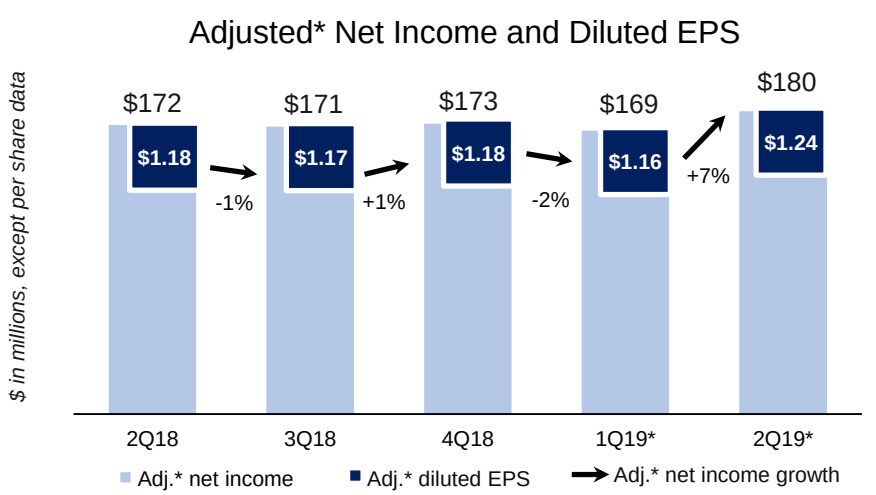
Record loans
$33.7 billion

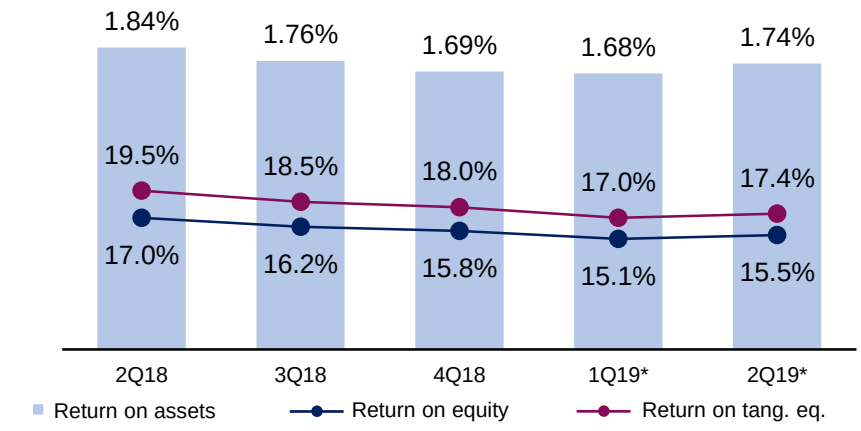
Record deposits
$36.5 billion

[1] See reconciliation of GAAP to non-GAAP financial measures in the appendix and in the Company's 2Q19 Earnings Press Release. 2Q19 adjusted for the reversal of certain previously claimed tax credits related to DC Solar.
[2] Operating revenue consists of net interest income before provision for credit losses and noninterest income, excluding non-operating items.

2Q19 Earnings Growth and Profitability







2Q19 reported ROA: 1.45%

- 5-quarter reported ROA range: 1.45% to 1.84%.
- 5-quarter adjusted ROA range: 1.68% to 1.84%.

2Q19 reported ROE: 12.9%

- 5-quarter reported ROE range: 12.9% to 17.0%.
- 5-quarter adjusted ROE range: 15.1% to 17.0%.

2Q19 reported tangible ROE: 14.5%.

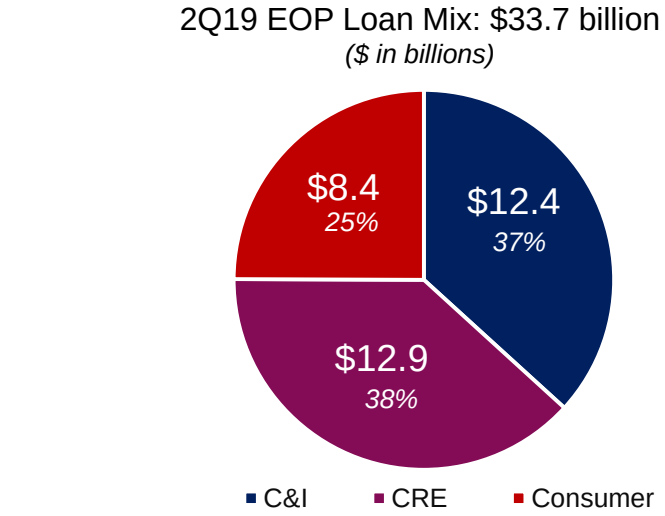
- 5-quarter reported tangible ROE range: 14.5% to 19.5%.
- 5-quarter adjusted tangible ROE range: 17.0% to 19.5%.

* See reconciliation of GAAP to non-GAAP financial measures in the appendix of this presentation and in the Company's 2Q19 Earnings Press Release. 2Q19 adjusted for the reversal of certain previously claimed tax credits related to DC Solar, and 1Q19 adjusted for impairment related to tax credit investments related to DC Solar.

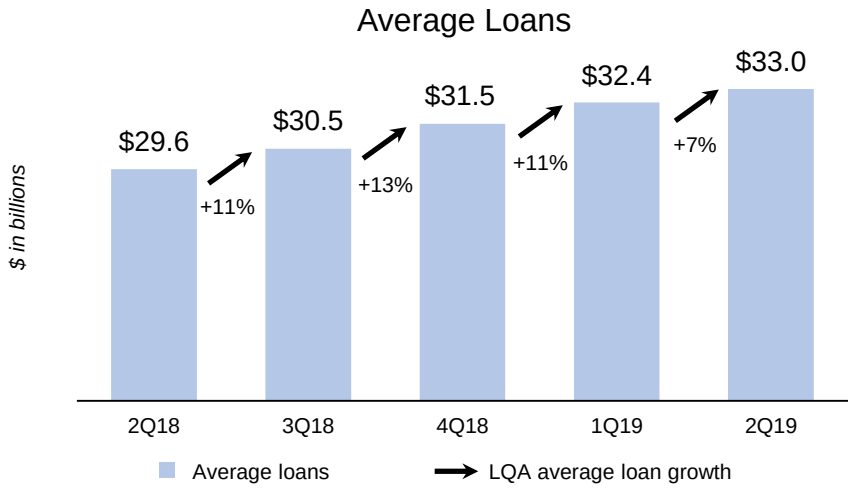
Management Outlook: Full Year 2019

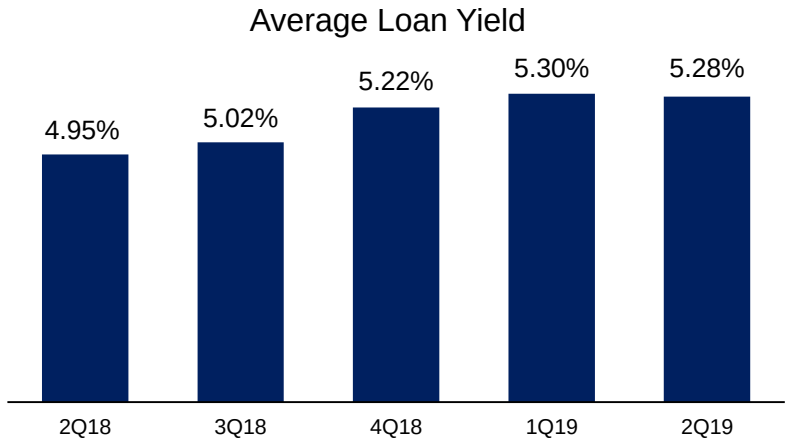
Earnings drivers	FY 2019 expectations compared to FY 2018 results	Outlook change from prior quarter	2019 YTD actual	FY 2018 actual
End of Period Loans	▪ Increase by approximately 10%.	Unchanged.	$33.7 billion +8% YTD annualized & +12% Y-o-Y	$32.4 billion +11% Y-o-Y
Adjusted Net Interest Income	▪ Increase at a percentage rate in the high single-digits (excl. the impact of ASC 310-30 discount accretion).	Previously: increase at a percentage rate in low double-digits.	$726 million +7% YTD annualized & +11% Y-o-Y	$1.4 billion +17% Y-o-Y
Adjusted NIM	▪ 3.60% to 3.70% (excl. the impact of ASC 310-30 discount accretion). ▪ ASC 310-30 discount accretion estimated to add 2 bps.	Previously: 3.75% to 3.80% (excl. impact of ASC 310-30 discount accretion).	3.74% (ex. accretion), +2 bps YTD 3.76% (w/ accretion), -2 bps YTD	3.72% (ex. accretion) +30 bps Y-o-Y 3.78% (w/ accretion) +30 bps Y-o-Y
Noninterest Expense	▪ Increase at a percentage rate in the mid-single-digits (excl. tax credit investment & core deposit intangible amortization).	Unchanged.	$321 million +4% YTD annualized & 5% Y-o-Y	$619 million +9% Y-o-Y
Provision for Credit Losses	▪ In the range of $80mm to $90mm.	Unchanged.	$42 million	$64 million
Tax Items	▪ Full year effective tax rate of approx. 20%, including the $30.1mm reversal of previously claimed tax credits in 2Q19, or approx. 15% ex. tax credit reversal.	Tax rate forecast excluding tax credit reversal unchanged.	Effective tax rate: 25%, including tax credit reversal, or 18% ex. tax credit reversal.	Effective tax rate: 14%
Interest Rates	▪ Two 25 basis point cuts to the fed funds rate: in July and October 2019.	Previously: no cuts to fed funds rate.	No changes to fed funds rate.	Fed funds increased +100 bps.

2Q19 Record Loans of $33.7 billion



- EOP loan growth of 3% Q-o-Q (+11% LQA).
- Avg. loan growth of 2% Q-o-Q (+7% LQA).
  - Avg. growth in CRE: $227mm (+7% LQA).
  - Avg. growth in Consumer: $182mm (+9% LQA).
  - Avg. growth in C&I: $157mm (+5% LQA).
- 2Q19 avg. loan yield of 5.28% contracted by 2 bps Q-o-Q.
  - Ex. ASC 310-30 discount accretion income, 2Q19 adj. avg. loan yield of 5.26% contracted by 1 bp Q-o-Q.
  - Reflects an unchanged fed funds rate and the decline in Libor rates.

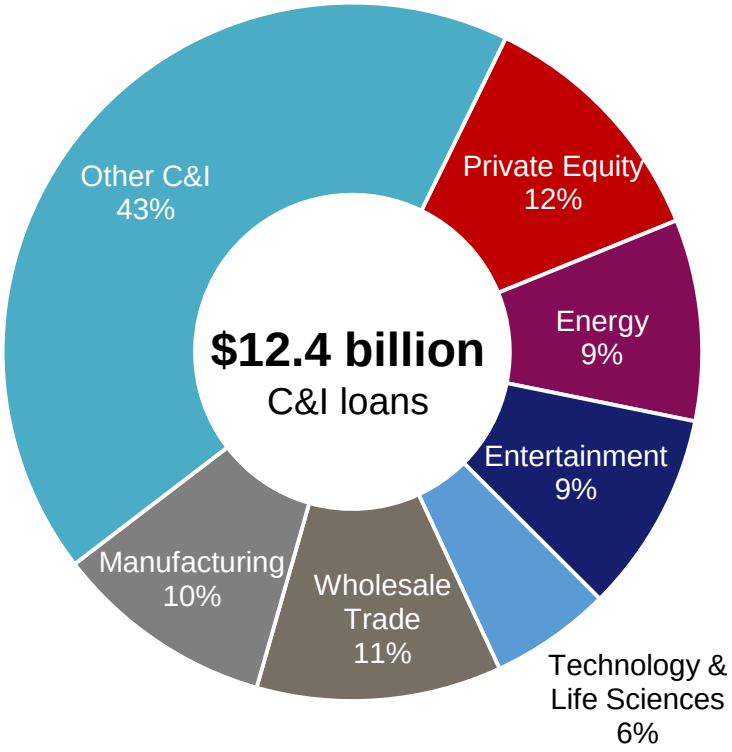




Loan portfolio composition: CRE = CRE, MFR, construction and land. Consumer = SFR, HELOC, and other consumer.

Diversified C&I Loan Portfolio

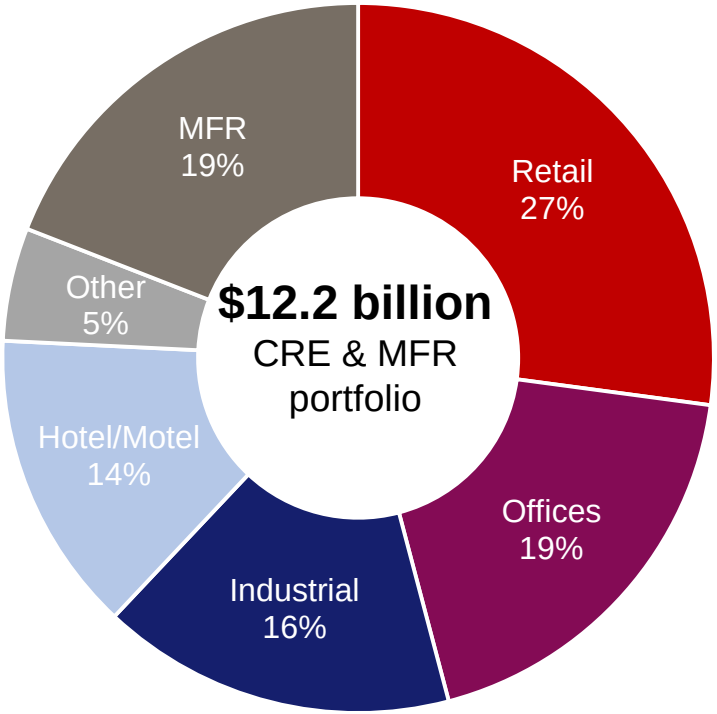
Selected Industries (as of 6.30.19)



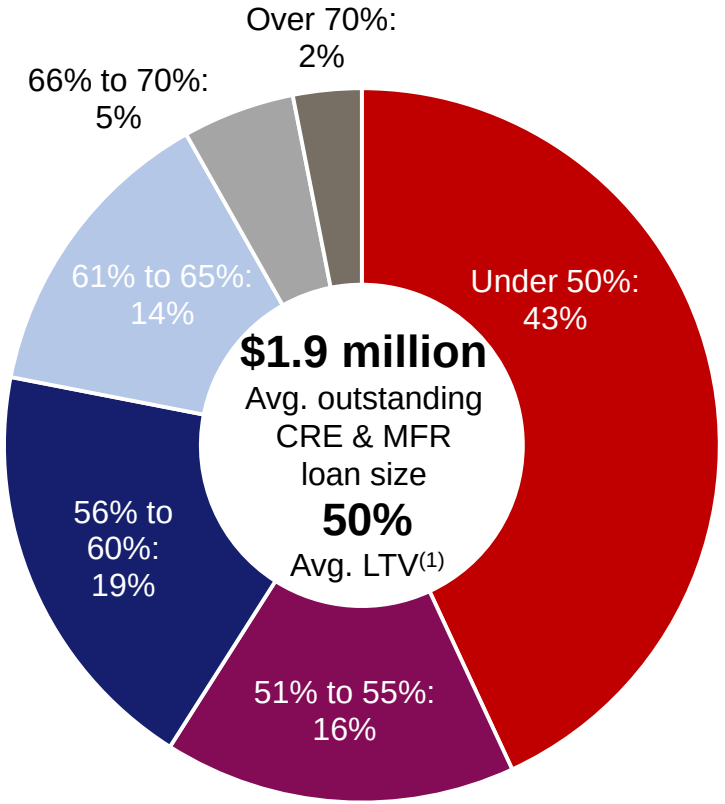
- C&I loans of $12.4 billion were 37% of gross loans as of 6.30.19.
- Dominant market share in lending to Chinese-American businesses in the U.S.
- Granular, well-diversified portfolio by industry.
- Growth in specialized lending verticals is driven by Bridge Banking, EWBC's strategy of facilitating cross-border commercial opportunities.

Diversified Commercial Real Estate Portfolio

Property Type Distribution (as of 06.30.19)



LTV Distribution (as of 06.30.19)

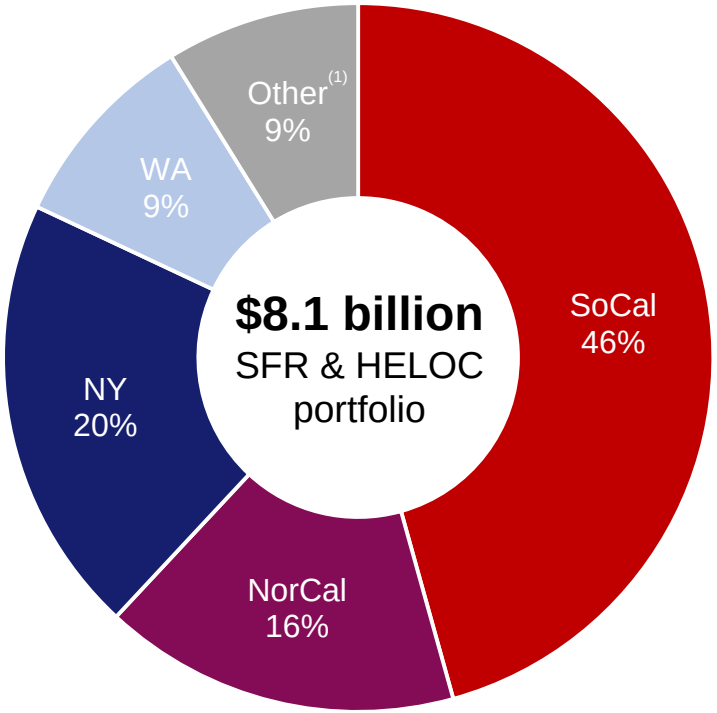


- CRE & MFR loans of $12.2 billion were 36% of total gross loans as of 06.30.19.
- In addition, construction & land loans totaled only $675 million or 2% of total gross loans as of 06.30.19.

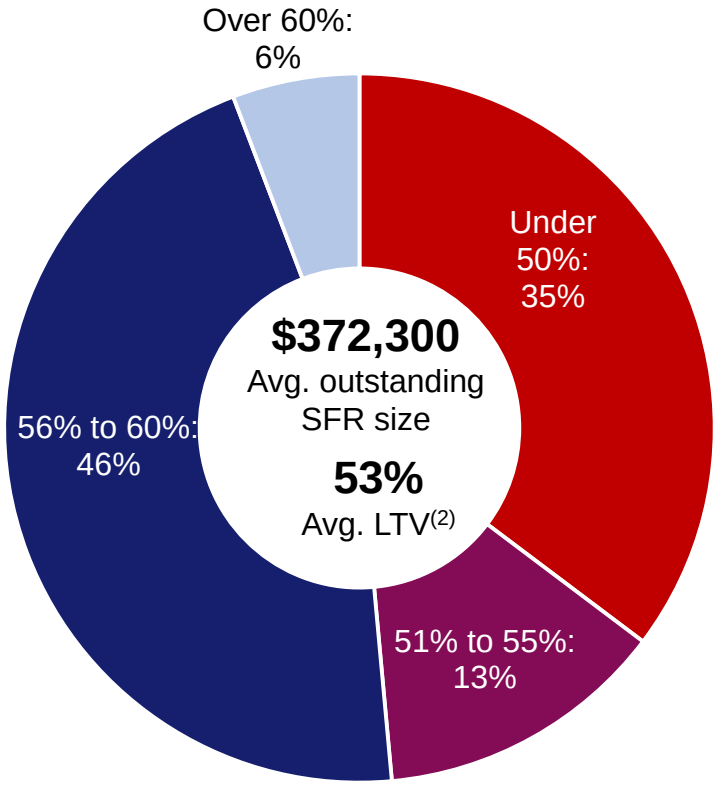
[1] LTV based on current loan balance and appraisal value at origination or renewal.

Low LTV Single Family Mortgage Portfolio

Geographic Distribution of SFR & HELOC (as of 06.30.19)



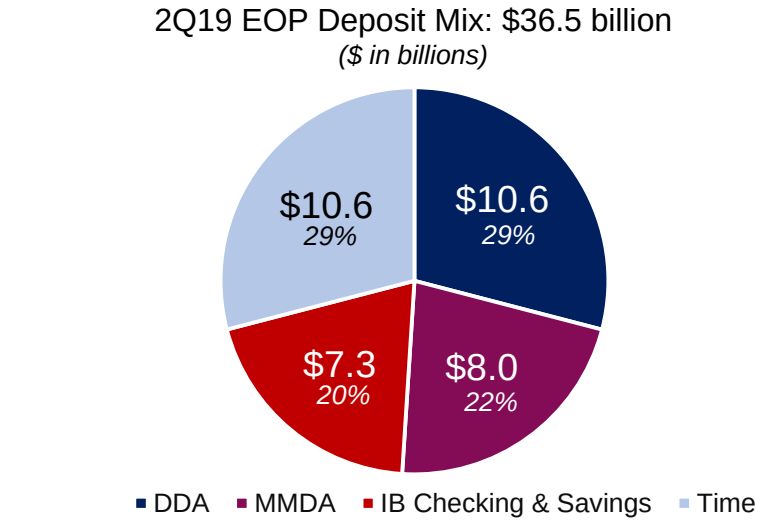
SFR LTV Distribution (as of 06.30.19)



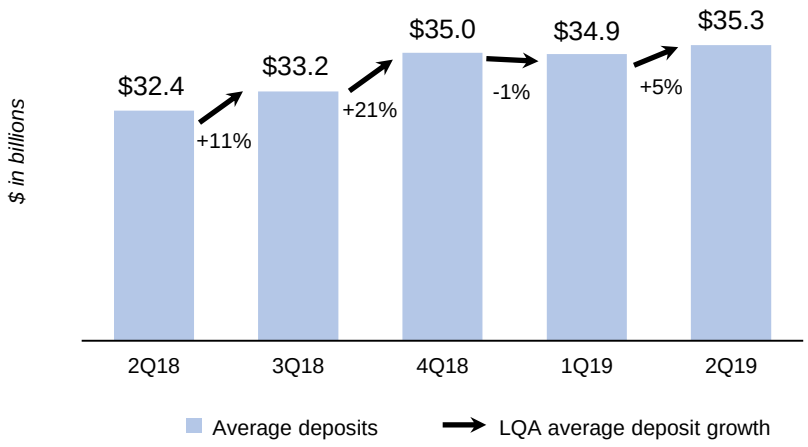
- SFR & HELOC of $8.1 billion were 24% of gross loans as of 06.30.19.

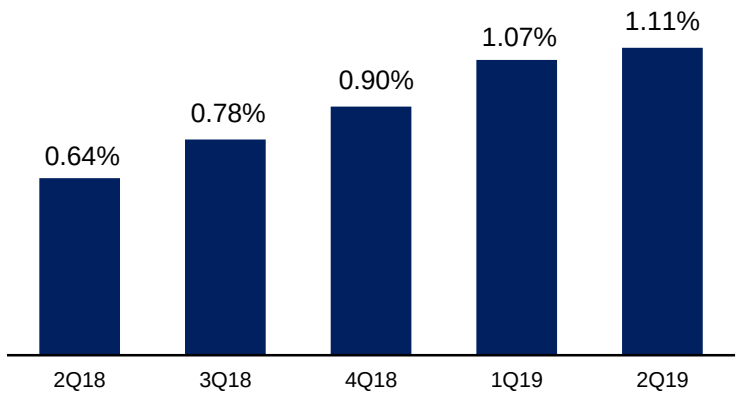
[1] Other includes: GA, MA, MD, NV, NJ, RI, TX, HK.
[2] LTV based on current loan balance and appraisal value at origination or renewal.

2Q19 Record Deposits of $36.5 billion



- EOP deposit growth of 2% LQA.
  - Loan to deposit ratio: 92.5%, vs. 90.6% as of 03.31.19.
- Avg. deposits growth of 5% LQA.
  - Growth primarily in time and noninterest-bearing demand deposits, partially offset by a decline in MMDA.
- 2Q19 cost of deposits of 1.11% increased by 4 bps Q-o-Q. Cost of IB deposits of 1.57% increased by 7 bps Q-o-Q.
  - 2Q19: Notable deceleration from recent trends.
  - For preceding 4 quarters, the linked quarter cost of deposits increase ranged from 12 bps to 17 bps.





2Q19 Summary Income Statement

$ in millions, except per share data	2Q19	1Q19	$ Change	% Change
Adjusted net interest income	$ 365.6	$ 360.3	$ 5.3	1 %
ASC 310-30 discount accretion income	1.7	2.2	(0.5)	(21) %
Net interest income	367.3	362.5	4.9	1 %
Fee income & net gains on sales of loans*	48.9	39.1	9.9	25 %
Other	3.8	3.0	0.8	25 %
Total noninterest income*	52.8	42.1	10.6	25 %
Adjusted noninterest expense	159.8	160.8	(1.1)	(1) %
Amortization of tax credit and other investments, and core deposit intangibles	17.9	26.1	(8.2)	(31) %
Total noninterest expense	177.7	186.9	(9.3)	(5) %
Provision for credit losses	19.2	22.6	(3.3)	(15) %
Income tax expense	72.8	31.1	41.7	134 %
Net income	**$ 150.4**	**$ 164.0**	**$ (13.6)**	**(8) %**
Diluted EPS	**$ 1.03**	**$ 1.12**	**$ (0.09)**	**(8) %**

Notable & Tax-Related Items

- **2Q19 adj.** net income of $180.5mm and adj.** EPS of $1.24.**

  2Q19 adjustment: reversal of certain previously claimed tax credits related to DC solar: $30.1mm of additional income tax expense; EPS impact of $0.21/sh.

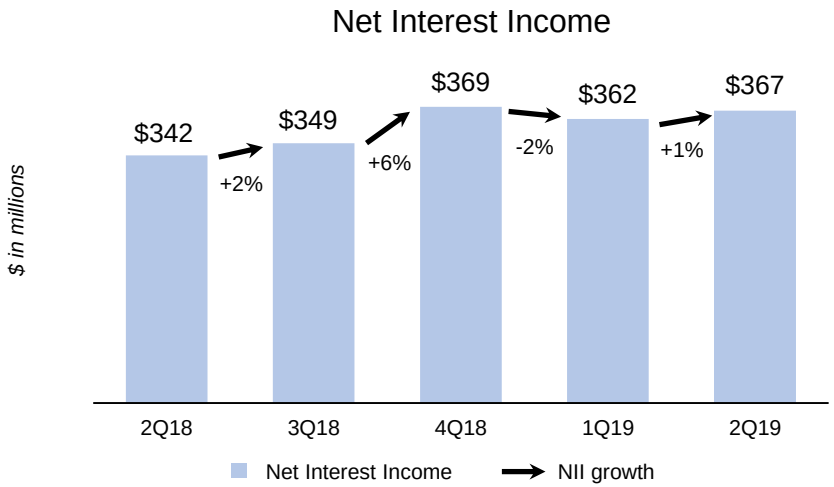
- 2Q19 effective tax rate: 33%.

  Adjusted for the reversal of certain previously claimed tax credits related to DC solar, 2Q19 effective tax rate was 19%**.

- For the full year 2019, projecting an effective tax rate of approximately 20%, including the tax credit reversal in 2Q, or approximately 15% excluding the tax credit reversal in 2Q.

* See slide 10 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 2Q19 Earnings press release.

2Q19 Net Interest Income & Net Interest Margin

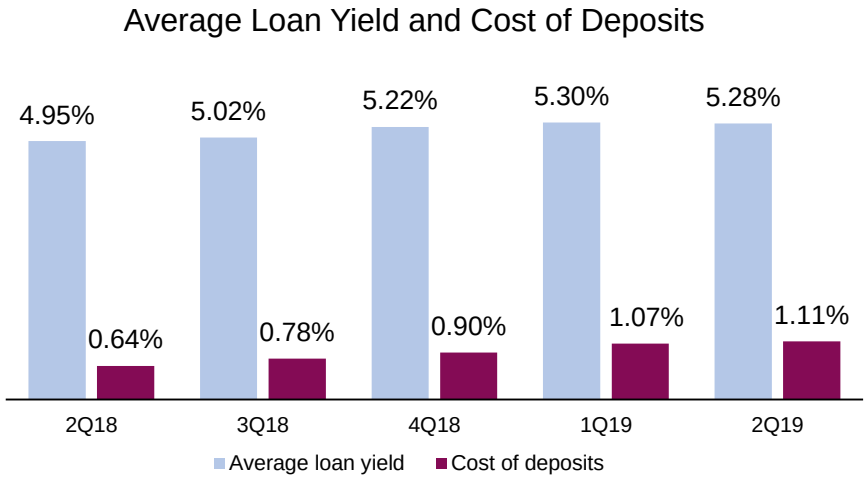


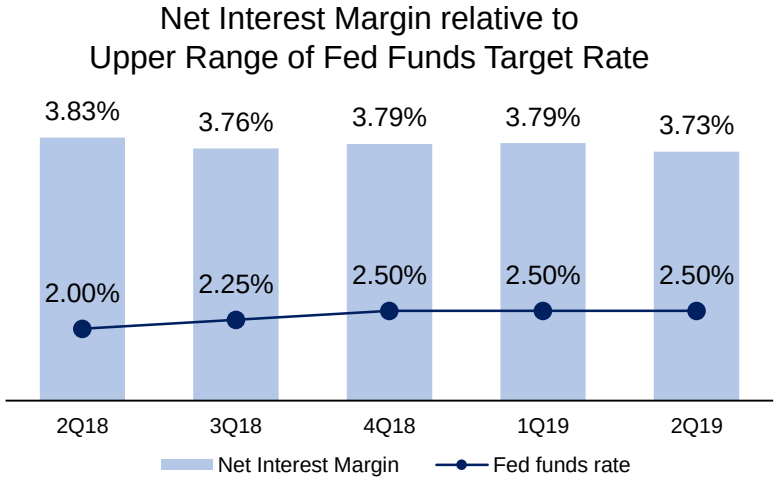
2Q19 NII of $367.3mm increased 1% Q-o-Q.

- 2Q19 ASC 310-30 discount accretion income of $1.7mm vs. $2.2mm in 1Q19; 2 bps of impact to NIM*.
- 2Q19 NII growth reflects loan growth, partially offset by the change in NIM.

2Q19 NIM of 3.73% declined by 6 bps Q-o-Q. Impact to NIM from change in yields & rates (Q-o-Q):

- -1 bps from lower loan yields, incl. fees & discounts.
- -1 bps from lower other earning asset yields.
- -2 bps from change in funding costs.
- -2 bps from funding mix shift.

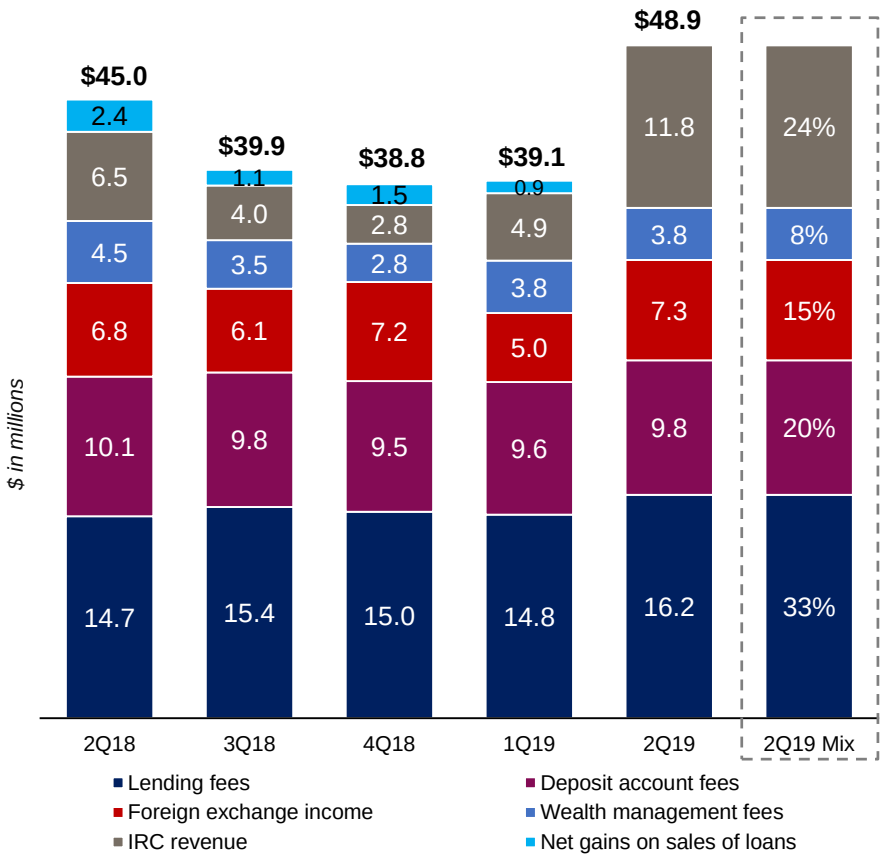




*See reconciliation of GAAP to non-GAAP financial measures in the appendix of this presentation and in the Company's 2Q19 Earnings Press Release.

2Q19 Noninterest Income Detail

Fee Income & Net Gains on Sales of Loans *



* Fee income excludes: mark-to-market ("MTM") related to interest rate contracts ("IRC") and other derivatives; net gains on sales of securities; gains on sale of business units, and other income.

Total noninterest income of $52.8mm in 2Q19 vs. $42.1mm in 1Q19.

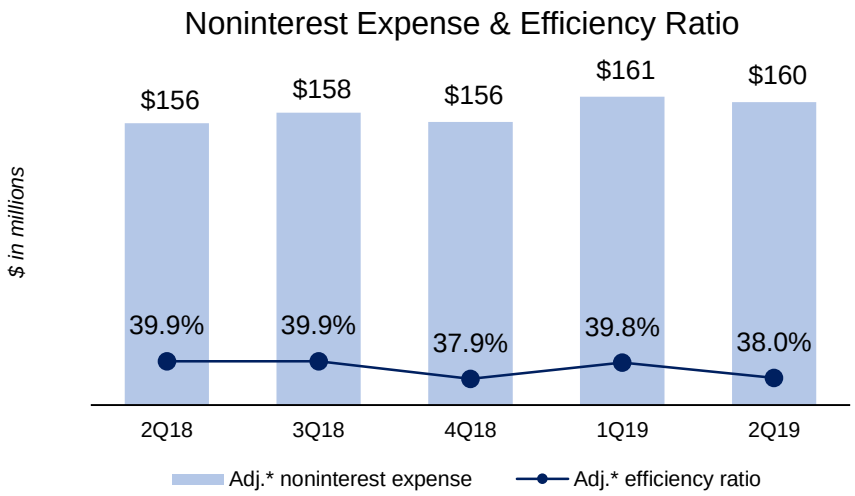
- Fee income and net gains on sales of loans totaled $48.9mm in 2Q19, a 25% increase from $39.1mm in 1Q19, primarily due to strong growth in interest rate contracts (IRC) revenue.
- IRC revenue, excluding MTM adjustments, increased by $6.9 million linked quarter, reflecting strong customer demand for interest rate swaps in response to the inverted yield curve.
- Foreign exchange income increased by $2.3 million linked quarter, largely reflecting favorable revaluations of foreign currency-denominated balance sheet items.
- Lending fees increased by $1.4mm, reflecting broad-based growth in ancillary loan fees & related income, and letter of credit issuance fees, including trade finance fees and credit enhancement fees.

Interest Rate Contracts and Other Derivative Income Detail

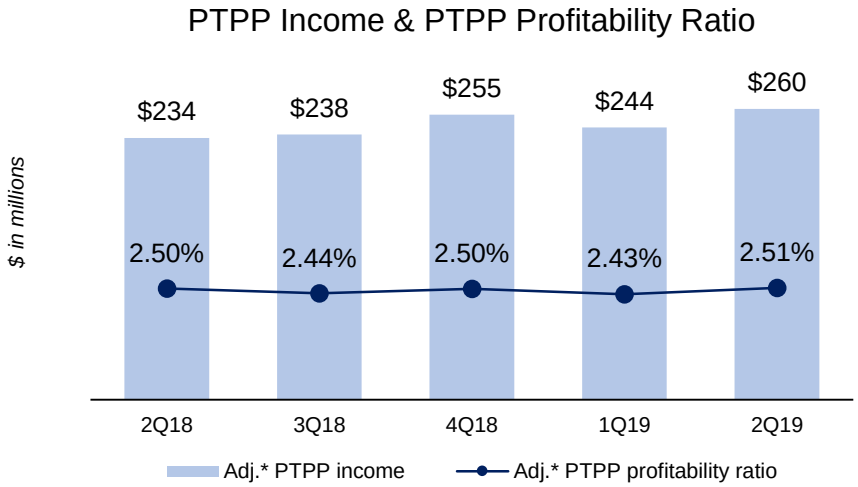
($ in millions)	2Q18	3Q18	4Q18	1Q19	2Q19
Revenue	$ 6.5	$ 4.0	$ 2.8	$ 4.9	$ 11.8
MTM	0.1	0.6	(1.7)	(1.7)	(1.4)
Total	$ 6.6	$ 4.6	$ 1.1	$ 3.2	$ 10.4

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

2Q19 Efficiency and PTPP Profitability



- 2Q19 total noninterest expense: $177.7mm, down 5% Q-o-Q from $186.9mm, due to decrease in amortization of tax credits and other investments.
- 2Q19 adj.* noninterest expense: $159.8mm, down 1% Q-o-Q from $160.8mm. Largest decline in compensation and employee benefits, which are generally higher in 1Q.
- 2Q19 adj.* efficiency ratio: 38.0%. Stable 5-quarter adj. efficiency ratio range of 37.9% to 39.9%.

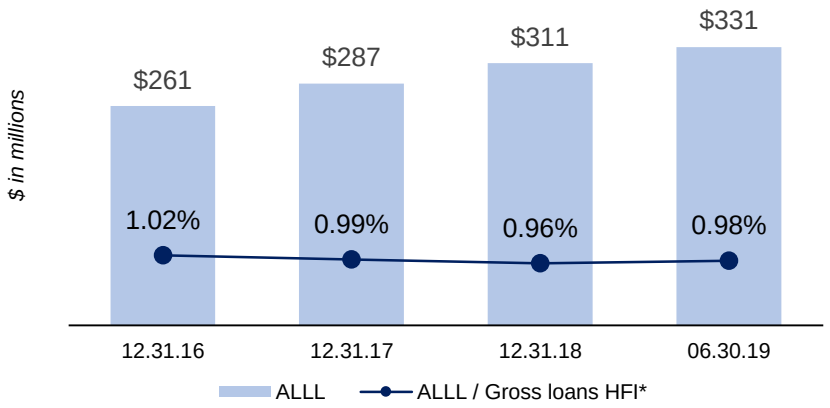


- **Record total operating** revenue in 2Q19.**
- 2Q19 total revenue of $420.1mm, up 4% Q-o-Q.
- Pre-tax, pre-provision income (PTPP) income: 2Q19 adj.* PTPP income of $260.3mm, up 7% Q-o-Q.
- 2Q19 adj.* PTPP ratio of 2.51% expanded by 8 bps Q-o-Q.
- PTPP profitability: 5-quarter adj.* PTPP profitability ratio range of 2.43% to 2.51%.

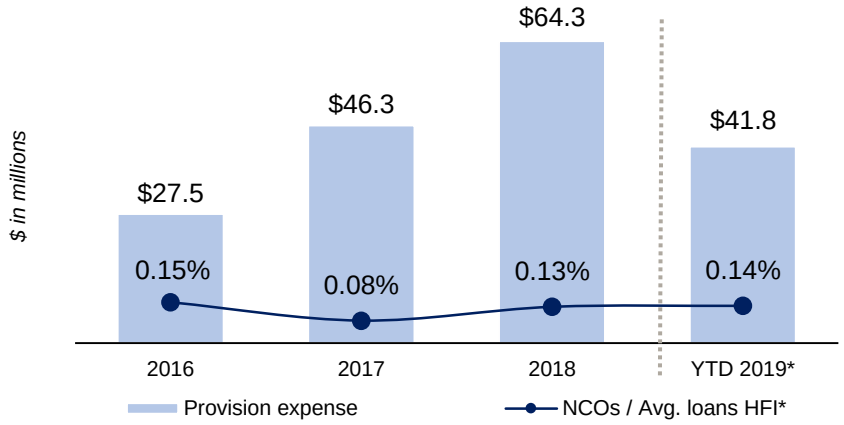
*See reconciliation of GAAP to non-GAAP financial measures in the appendix of this presentation and in the Company's 2Q19 Earnings Press Release.
** Operating revenue consists of net interest income before provision for credit losses and noninterest income, excluding non-operating items.

Asset Quality Metrics

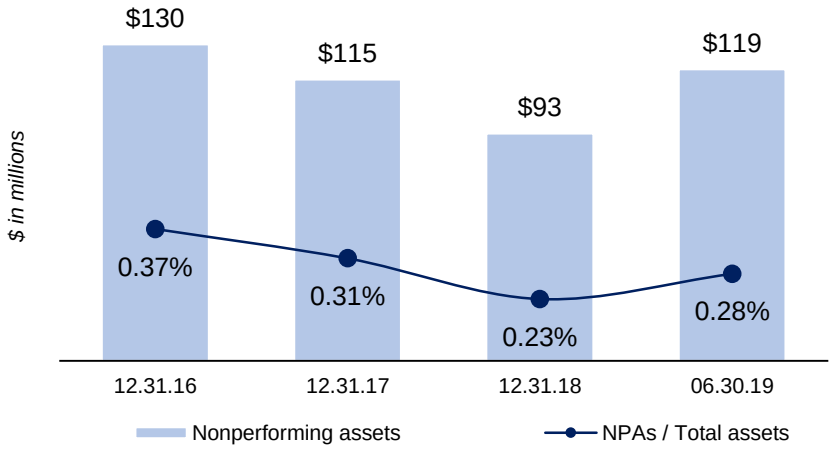
Allowance for Loan Losses



Provision Expense & Net Charge-off Ratio



Nonperforming Assets*



- Allowance coverage of loans HFI: 0.98% as of 06.30.19, compared to 0.97% as of 03.31.19 and 1.00% as of 06.30.18.
- 2Q19 net charge-off ratio: 0.09% annualized, compared to 0.18% annualized in 1Q19 and 0.14% annualized in 2Q18.
- Nonperforming assets to total assets ratio: 0.28% as of 06.30.19, compared to 0.33% as of 03.31.19 and 0.27% as of 06.30.18.
  - Q-o-Q variance in nonperforming assets reflects a decrease in nonaccrual commercial loans.

* Nonperforming assets and net charge-offs exclude purchased credit impaired loans. HFI represents held-for-investment. YTD NCO ratio is annualized.

Loan Portfolio: Underlying Interest Rate Detail

EWBC's Loan Portfolio Breakdown: Fixed, Hybrid, & Variable Rate Loans (as of June 30, 2019)

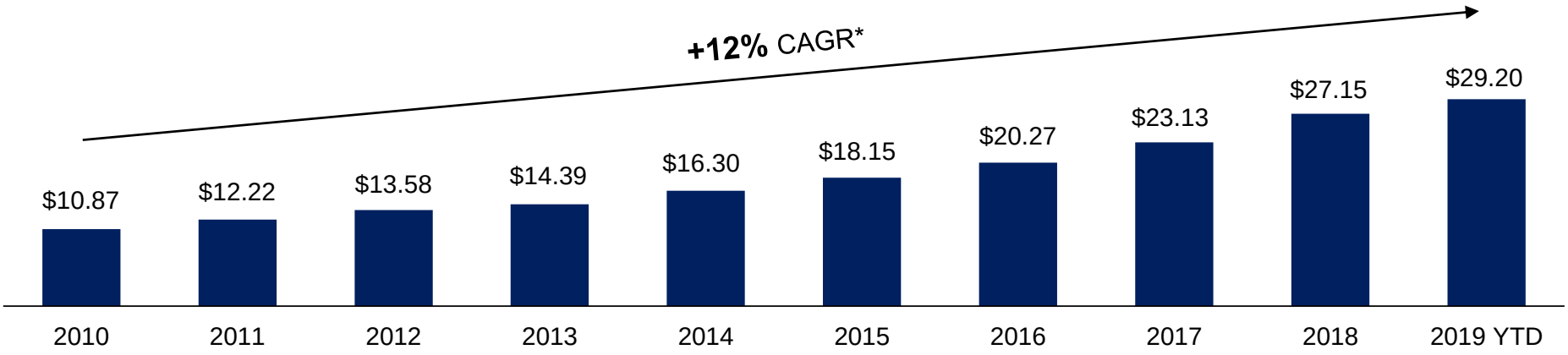
	$ in mm.	% of total loans	$ in mm.	% of total loans
Fixed rate loans	**3,655.1**	**10.8%**		
Hybrid: no floors	285.8	0.8%		
Hybrid: Interest rates above floors	5,969.0	17.7%		
Of which, linked to Prime			1,110	3%
Of which, linked to Libor			797	2%
Of which, linked to 1M Libor			74	0%
Of which, linked to 3M Libor			59	0%
Of which, linked to Other Libor			664	2%
Of which, linked to T-Bill or TCM			4,062	12%
Hybrid: Interest rates at or below floors	123.9	0.4%		
Subtotal: Hybrid loans in fixed period	**6,378.7**	**18.9%**		
Variable: no floors	16,666.6	49.4%		
Of which, linked to Prime			5,675	17%
Of which, linked to Libor			9,082	27%
Of which, linked to 1M Libor			7,021	21%
Of which, linked to 3M Libor			1,407	4%
Of which, linked to other Libor			655	2%
Of which, linked to T-Bill or TCM			1,104	3%
Of which, linked to other indices			805	2%
Variable: Interest rate above floors	6,703.3	19.9%		
Of which, linked to Prime			3,711	11%
Of which, linked to Libor			2,554	8%
Of which, linked to 1M Libor			1,871	6%
Of which, linked to 3M Libor			384	1%
Of which, linked to other Libor			298	1%
Of which, linked to other indices			439	1%
Variable: Interest rate at or below floors	270.5	0.8%		
Subtotal: Variable rate loans	**23,640.5**	**70.1%**		
Other (NPLs, premiums, discounts)	60.1	0.2%		
Total gross loans	**33,734.3**	**100.0%**		

- **Prime:** $10.5bn or 31% of EWBC's total loan portfolio is linked to Prime Rate.
- **Libor:** $12.4bn or 37% of EWBC's total loans are linked to Libor, including $9.0bn, or 27%, linked to 1M Libor, and $1.9bn, or 5%, linked to 3M Libor.
- 70% of EWBC's loan portfolio is variable rate, including hybrid loans in variable period.
- 11% of EWBC's loan portfolio is fixed rate and 19% are hybrid loans in their fixed rate period.
- Year-over-year, share of fixed rate loans and hybrid loans in fixed rate period is increasing.

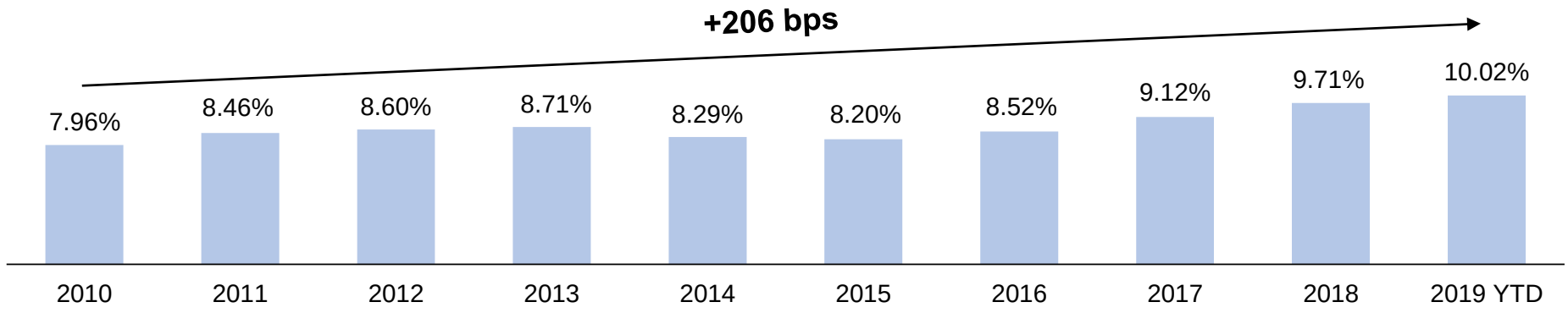
Note: Hybrid loans shows those still in fixed rate period. Hybrid loans already subject to variable rate are shown in Variable loans.
Note: Loans (HFI & HFS) net of deferred fees, premiums, or discounts, and gross of ALLL.

Steadily Growing Equity While Maintaining Robust TCE

Tangible Equity per Share



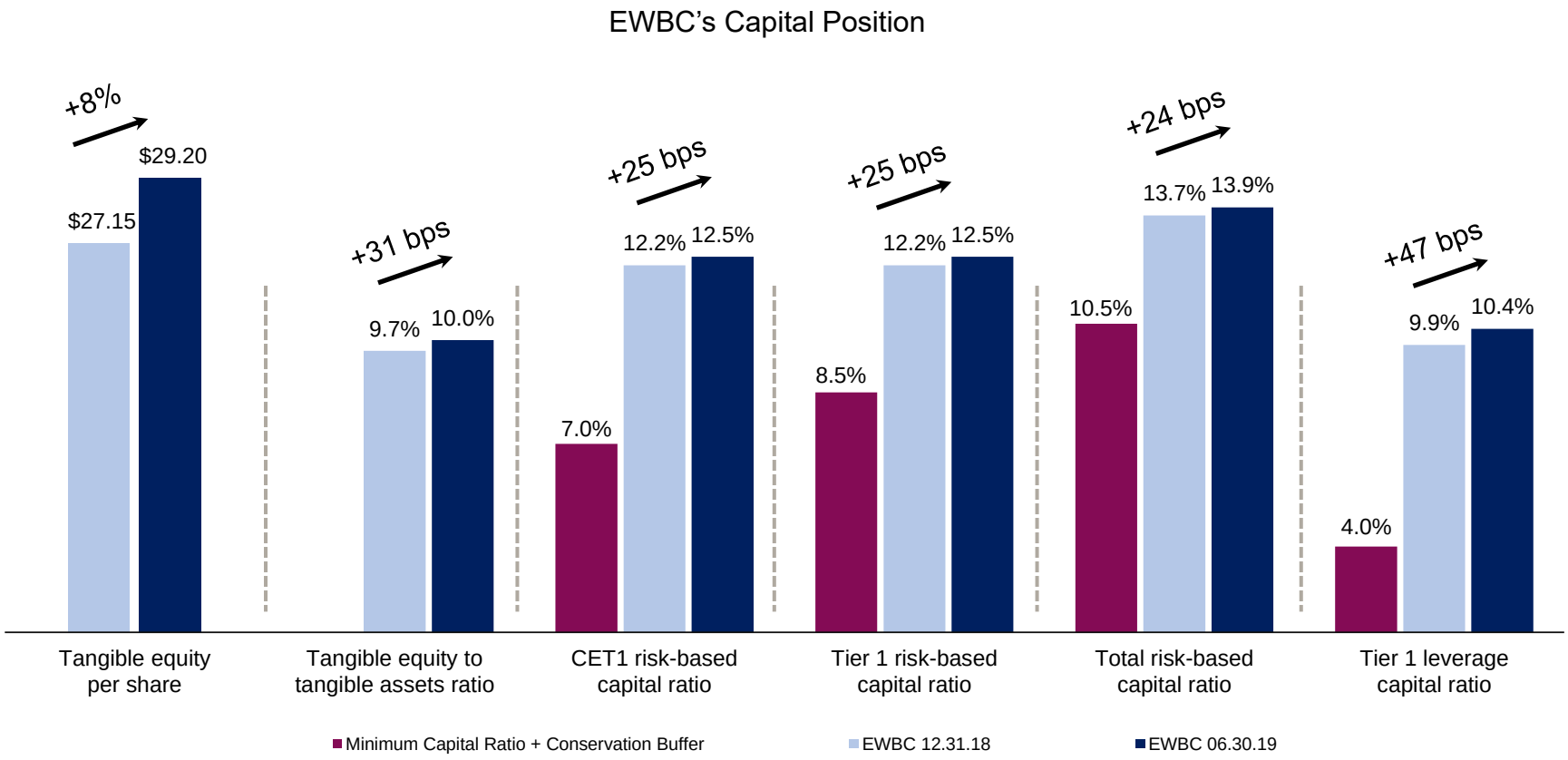
Tangible Equity to Tangible Assets Ratio



* CAGR = Compound annual growth rate from December 31, 2010 – June 30, 2019.

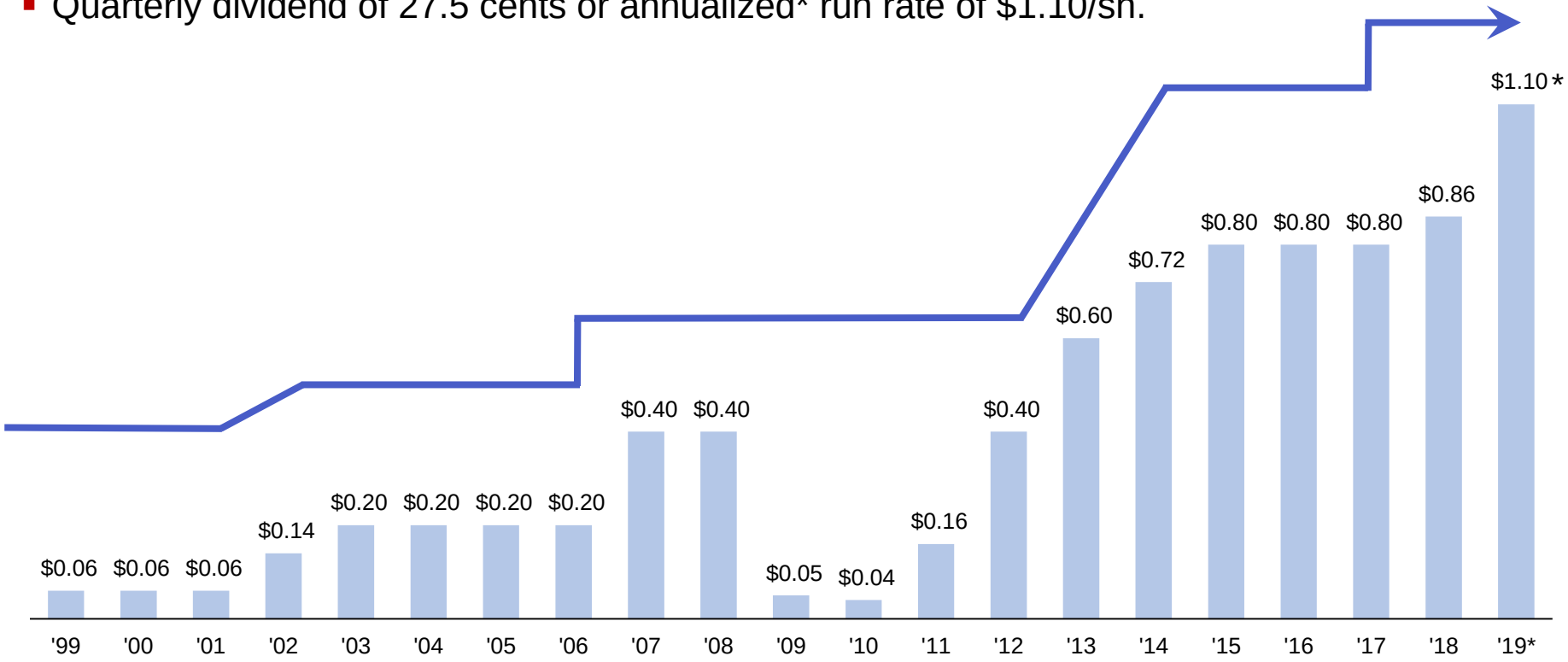
Strong Capital Ratios

- Regulatory capital ratios increased by 24 bps to 47 bps year-to-date.
- Quarterly common stock dividend of 27.5 cents/share, or annualized $1.10/share. Most recently increased in May 2019.



Providing a Healthy Dividend to Stockholders

- EWBC has consistently paid an annual dividend on the common stock since going public in 1999.
- Quarterly dividend of 27.5 cents or annualized* run rate of $1.10/sh.



* Annualized run-rate based on the 3Q19 dividend of $0.275 per share.

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, except per share data)
(unaudited)

During the second quarter of 2019, the Company reversed $30.1 million of certain previously claimed tax credits related to the DC Solar tax credit investments ("DC Solar"). The table below shows the computation of the Company's effective tax rate excluding the impact of the DC Solar tax credits reversal. Management believes that excluding the impact of the DC Solar tax credits reversal from the effective tax rate computation allows comparability to prior periods.

		Three Months Ended		
		June 30, 2019	March 31, 2019	June 30, 2018
Income tax expense	(a)	$ 72,797	$ 31,067	$ 24,643
Less: Reversal of certain previously claimed tax credits related to DC Solar	(b)	(30,104)	—	—
Adjusted income tax expense	**(c)**	**$ 42,693**	**$ 31,067**	**$ 24,643**
Income before income taxes	**(d)**	**223,177**	**195,091**	**196,992**
Effective tax rate	(a)/(d)	32.6%	15.9 %	12.5 %
Less: Reversal of certain previously claimed tax credits related to DC Solar	(b)/(d)	(13.5)%	— %	— %
Adjusted effective tax rate	**(c)/(d)**	**19.1%**	**15.9 %**	**12.5 %**

		Six Months Ended	
		June 30, 2019	June 30, 2018
Income tax expense	(e)	$ 103,864	$ 49,395
Less: Reversal of certain previously claimed tax credits related to DC Solar	(f)	(30,104)	—
Adjusted income tax expense	**(g)**	**$ 73,760**	**$ 49,395**
Income before income taxes	**(h)**	**418,268**	**408,776**
Effective tax rate	(e)/(h)	24.8%	12.1%
Less: Reversal of certain previously claimed tax credits related to DC Solar	(f)/(h)	(7.2)%	— %
Adjusted effective tax rate	(g)/(h)	**17.6%**	**12.1 %**

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 quarter of 2019, the Company recorded a $7.0 million pre-tax impairment charge related to DC Solar. During the second quarter of 2019, the Company reversed $30.1 million of certain previously claimed tax credits related to DC Solar. 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 after-tax impact of the impairment charge related to DC Solar, the reversal of certain previously claimed tax credits related to DC Solar and the after-tax impact of the gain on the sale of the 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, 2019	March 31, 2019	June 30, 2018
Net income	(a)	$ 150,380	$ 164,024	$ 172,349
Add: Impairment charge related to DC Solar [1]		—	6,978	—
Tax effect of adjustment [2]		—	(2,063)	—
Add: Reversal of certain previously claimed tax credits related to DC Solar		30,104	—	—
Adjusted net income	**(b)**	**$ 180,484**	**$ 168,939**	**$ 172,349**
Diluted weighted average number of shares outstanding		**146,052**	**145,921**	**146,091**
Diluted EPS		$ 1.03	$ 1.12	$ 1.18
Diluted EPS impact of impairment charge related to DC Solar, net of tax		—	0.04	—
Diluted EPS impact of reversal of certain previously claimed tax credits related to DC Solar		0.21	—	—
Adjusted diluted EPS		**$ 1.24**	**$ 1.16**	**$ 1.18**
Average total assets	(c)	$ 41,545,441	$ 40,738,404	$ 37,568,895
Average stockholders' equity	(d)	$ 4,684,348	$ 4,537,301	$ 4,062,311
Return on average assets [3]	**(a)/(c)**	**1.45 %**	**1.63 %**	**1.84 %**
Adjusted return on average assets [3]	**(b)/(c)**	**1.74 %**	**1.68 %**	**1.84 %**
Return on average equity [3]	**(a)/(d)**	**12.88 %**	**14.66 %**	**17.02 %**
Adjusted return on average equity [3]	**(b)/(d)**	**15.45 %**	**15.10 %**	**17.02 %**

(1) Included in Amortization of tax credit and other investments.
(2) Applied statutory rate of 29.56%.
(3) 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 gain on the sale of the DCB branches that were sold in the first quarter of 2018 (where applicable). 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		
		June 30, 2019	**March 31, 2019**	**June 30, 2018**
Net interest income before provision for credit losses	(a)	$ 367,326	$ 362,461	$ 341,679
Total noninterest income		52,759	42,131	48,268
Total revenue	**(b)**	**$ 420,085**	**$ 404,592**	**$ 389,947**
Total noninterest expense	(c)	$ 177,663	$ 186,922	$ 177,419
Less: Amortization of tax credit and other investments		(16,739)	(24,905)	(20,481)
Amortization of core deposit intangibles		(1,152)	(1,174)	(1,373)
Adjusted noninterest expense	**(d)**	**$ 159,772**	**$ 160,843**	**$ 155,565**
Efficiency ratio	**(c)/(b)**	**42.29 %**	**46.20 %**	**45.50 %**
Adjusted efficiency ratio	**(d)/(b)**	**38.03 %**	**39.75 %**	**39.89 %**
Adjusted pre-tax, pre-provision income	**(b)-(d) = (e)**	**$ 260,313**	**$ 243,749**	**$ 234,382**
Average total assets	(f)	$ 41,545,441	$ 40,738,404	$ 37,568,895
Adjusted pre-tax, pre-provision profitability ratio [1]	**(e)/(f)**	**2.51 %**	**2.43 %**	**2.50 %**
Adjusted noninterest expense [1]/average assets	**(d)/(f)**	**1.54 %**	**1.60 %**	**1.66 %**

(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			Six Months Ended	
Yield on Average Loans		**June 30, 2019**	**March 31, 2019**	**June 30, 2018**	**June 30, 2019**	**June 30, 2018**
Interest income on loans	(a)	$ 434,450	$ 423,534	$ 365,555	$ 857,984	$ 703,459
Less: ASC 310-30 discount accretion income		(1,719)	(2,178)	(6,299)	(3,897)	(11,499)
Adjusted interest income on loans	**(b)**	**$ 432,731**	**$ 421,356**	**$ 359,256**	**$ 854,087**	**$ 691,960**
Average loans	(c)	$ 32,981,374	$ 32,414,785	$ 29,646,766	$ 32,699,644	$ 29,430,537
Add: ASC 310-30 discount		19,909	21,639	29,997	20,769	32,017
Adjusted average loans	**(d)**	**$ 33,001,283**	**$ 32,436,424**	**$ 29,676,763**	**$ 32,720,413**	**$ 29,462,554**
Average loan yield [1]	**(a)/(c)**	**5.28 %**	**5.30 %**	**4.95 %**	**5.29 %**	**4.82 %**
Adjusted average loan yield [1]	**(b)/(d)**	**5.26 %**	**5.27 %**	**4.86 %**	**5.26 %**	**4.74 %**
Net Interest Margin						
Net interest income	(e)	$ 367,326	$ 362,461	$ 341,679	$ 729,787	$ 668,372
Less: ASC 310-30 discount accretion income		(1,719)	(2,178)	(6,299)	(3,897)	(11,499)
Adjusted net interest income	**(f)**	**$ 365,607**	**$ 360,283**	**$ 335,380**	**$ 725,890**	**$ 656,873**
Average interest-earning assets	(g)	$ 39,461,101	$ 38,745,004	$ 35,767,808	$ 39,105,030	$ 35,641,438
Add: ASC 310-30 discount		19,909	21,639	29,997	20,769	32,017
Adjusted average interest-earning assets	**(h)**	**$ 39,481,010**	**$ 38,766,643**	**$ 35,797,805**	**$ 39,125,799**	**$ 35,673,455**
Net interest margin [1]	**(e)/(g)**	**3.73 %**	**3.79 %**	**3.83 %**	**3.76 %**	**3.78 %**
Adjusted net interest margin [1]	**(f)/(h)**	**3.71 %**	**3.77 %**	**3.76 %**	**3.74 %**	**3.71 %**

(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, 2019	March 31, 2019	June 30, 2018
Stockholders' equity	(a)	$ 4,734,593	$ 4,591,930	$ 4,114,284
Less: Goodwill		(465,697)	(465,697)	(465,547)
Other intangible assets [1]		(18,952)	(21,109)	(25,029)
Tangible equity	**(b)**	**$ 4,249,944**	**$ 4,105,124**	**$ 3,623,708**
Total assets	(c)	$ 42,892,358	$ 42,091,433	$ 38,043,196
Less: Goodwill		(465,697)	(465,697)	(465,547)
Other intangible assets [1]		(18,952)	(21,109)	(25,029)
Tangible assets	**(d)**	**$ 42,407,709**	**$ 41,604,627**	**$ 37,552,620**
Total stockholders' equity to total assets ratio	**(a)/(c)**	**11.04 %**	**10.91 %**	**10.81 %**
Tangible equity to tangible assets ratio	**(b)/(d)**	**10.02 %**	**9.87 %**	**9.65 %**

(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 related to DC Solar and the gain on the sale of the DCB branches; 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		
		June 30, 2019	**March 31, 2019**	**June 30, 2018**
Net Income		$ 150,380	$ 164,024	$ 172,349
Add: Amortization of core deposit intangibles		1,152	1,174	1,373
Amortization of mortgage servicing assets		1,013	324	433
Tax effect of adjustments [2]		(640)	(443)	(534)
Tangible net income	**(e)**	**$ 151,905**	**$ 165,079**	**$ 173,621**
Add: Impairment charge related to DC Solar [3]		—	6,978	—
Less: Gain on sale of business		—	—	—
Tax effect of adjustment [2]		—	(2,063)	—
Add: Reversal of certain previously claimed tax credits related to DC Solar		30,104	—	—
Adjusted tangible net income	**(f)**	**$ 182,009**	**$ 169,994**	**$ 173,621**
Average stockholders' equity		$ 4,684,348	$ 4,537,301	$ 4,062,311
Less: Average goodwill		(465,697)	(465,559)	(465,547)
Average other intangible assets [1]		(20,380)	(21,860)	(25,648)
Average tangible equity	**(g)**	**$ 4,198,271**	**$ 4,049,882**	**$ 3,571,116**
Return on average tangible equity [4]	**(e)/(g)**	**14.51 %**	**16.53 %**	**19.50 %**
Adjusted return on average tangible equity [4]	**(f)/(g)**	**17.39 %**	**17.02 %**	**19.50 %**

(1) Includes core deposit intangibles and mortgage servicing assets.
(2) Applied statutory rate of 29.56%.
(3) Included in Amortization of tax credit and other investments.
(4) Annualized.