

Analyst Ben Jones
Website <https://benjonesinvestments.com/>
Email ben@benjonesinvestments.com
Date 23/07/2025

Ticker EWBC (Nasdaq)
Price USD 108.96
Sector Banking, Financials
Website <https://investor.eastwestbank.com>

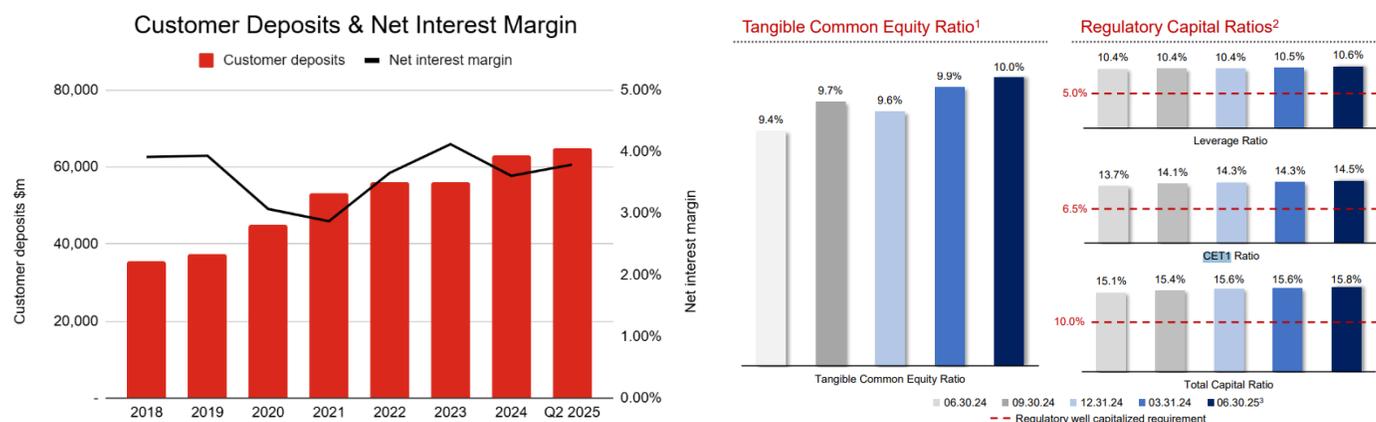


East West Bank is a U.S.-based commercial bank headquartered in California, operating in 110 locations across the US and Asia. It focuses on serving the Asian-American community, offering personal, business, and international banking services with strong ties to Asia and China.

Q2 2025 earnings

USD millions	Q2 2025	Q2 2024	% change
Customer deposits	65,029	60,000	8.4%
Net interest margin	3.79%	3.69%	0.10%
Net interest income	617	553	11.6%
Total income	1,139	1,111	2.5%
Operating income	402	364	10.4%
Net income	310	288	7.6%
EPS diluted	2.24	2.06	8.7%
CET1 capital ratio	14.5%	13.7%	0.8%
Operating margin	35.3%	32.8%	2.5%
Equity	8,202	7,215	13.7%
RoE (annualised)	15.4%	16.4%	-1.0%

Quarterly Results Trend

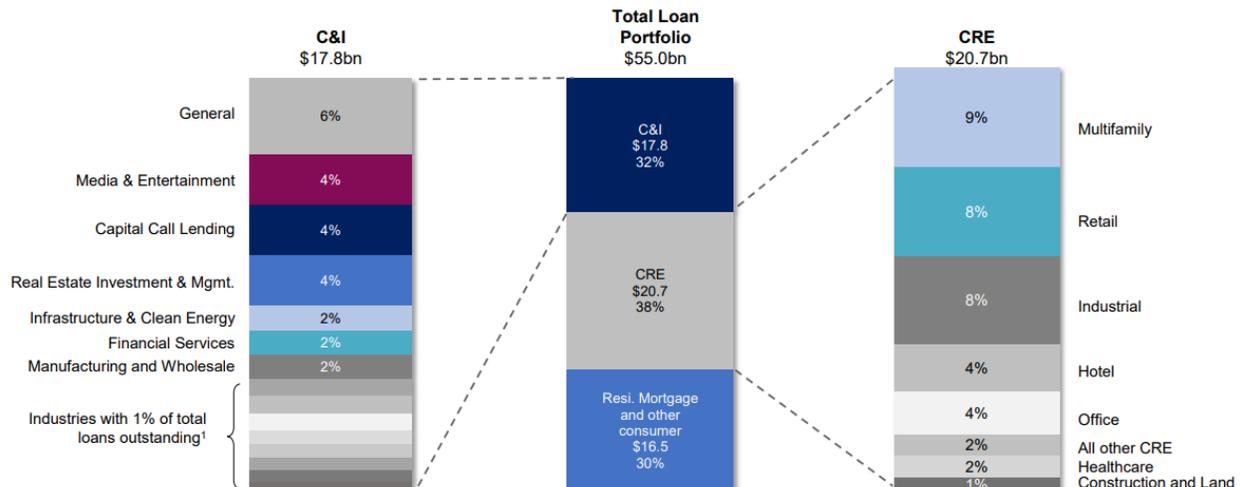


Financial Highlights

- Deposit base grew 8.4% YoY to record highs at \$65bn in Q2 2025.
- Total assets grew 7.9% from \$72.5bn in Q2 2024 to a record high \$78.2bn in Q2 2025. The loan book grew 4.1% YoY to \$55.0bn in Q2 2025, with cash and debt securities growing 21.4% to \$20.3bn.
- Net interest margin (NIM) expanded slightly to 3.79% from 3.69%. Rates have dropped moderately over the last year with income margin down about 40bps and funding margin down about 50bps (providing 10bps margin expansion).

- CET1 capital ratio was 14.5%, well above the regulatory requirement of 6.5%.
- The criticised loans ratio decreased 14bps quarter-over-quarter to 2.15% of loans held-for-investment (HFI) for Q2, compared with 2.29% in Q1, but was up from 2.05% in Q2 2024.
- Q2 provision for credit losses was \$45 million (0.083% of the loan book), compared with \$37 million (0.070% of the loan book) in Q2 2024.
- Other fee income for Q2 was \$81m, growth of 5.2% over \$77m in Q2 2024. This was driven by moderate growth in all fee sectors, including deposit fees, loan servicing fees, FX income and wealth management fees.
- Increase in costs was largely driven by employee comp (+8.5% YoY), but deposit growth and NIM improvement was enough to see 7.6% growth in net income YoY.
- Loan book breakdown for Q2: 32.4% commercial and industrial loans (C&I), 37.6% Commercial real estate (CRE), 30.0% residential mortgage and other consumer loans.
- CRE portfolio has an average LTV of 49% with only 3% of loan value with LTV >70%.
- Residential mortgage portfolio has an average LTV of 50% with 11% of mortgage value with LTV > 60%.
- EWBC repurchased \$2m of shares in Q2.

Q2 loan book breakdown:



Management Comments

- Chairman and CEO Dominic Ng: “Credit trends were resilient, with criticized loans and nonperforming assets both declining quarter-over-quarter. Our capital levels increased during the quarter, with East West’s tangible common equity ratio growing to 10%. This position of strength will allow us to support our customers with confidence and to capitalize on market opportunities. I am also proud to report that East West was again ranked as the best performing bank above \$50 billion in assets by Bank Director, marking our third consecutive year and fourth title in the past five years”.
- EWBC note that more certainty over tariff measures will help their clients. Their clients are experienced in dealing with tariffs, and they have yet to see any serious fallout from tariffs. They add that their loan portfolio is also highly diversified and that tariff implications will be limited.
- Forward guidance provided was for loan growth of 4-6% with revenue and net interest income both growing over 7%.

Ben Jones Investments Outlook

- East West Bank continue to grow their deposit base, which they have done at a 13% CAGR over the past 20 years.

- NIM has been broadly stable and we expect it to continue at around 3.5 - 4% going forward. NIM tends to be higher with a steeper yield curve and lower with long-term rates nearer to zero.
- EWBC has 68% of its loan book in well-collateralized real estate. Given 3% of CRE loans have LTV > 70% and 11% of residential mortgages have LTV > 60%, we expect default potential on these loans to remain low.
- EWBC have \$4.5bn of cash and \$15.8bn of debt securities available to cover any potential for loan losses on a \$55.0bn loan book. Given CRE and residential mortgages are well collateralized, the total of \$20.3bn would more than cover the entire C&I loan book of \$17.8bn.
- EWBC's \$20.3bn of liquid assets also provides ample liquidity in the event of large client withdrawals, covering 31.2% of total customer deposits.
- We think EWBC can continue to grow deposits and remain well-capitalised with a conservative loan book.