Ben Jones Investments
Equity Research

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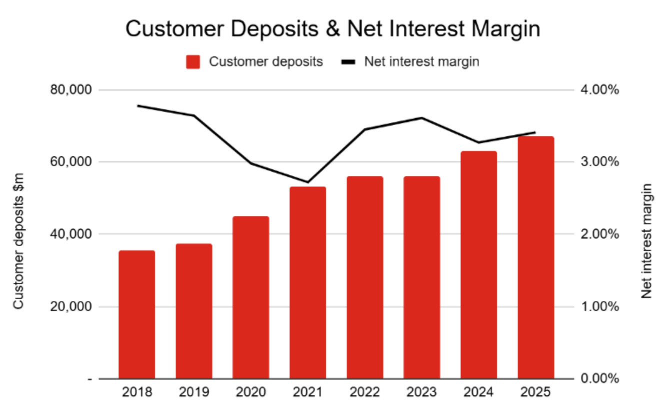
Ticker EWBC (Nasdaq)
Price USD 115.30
Sector Banking, Financials
Website https://investor.eastwestbank.com

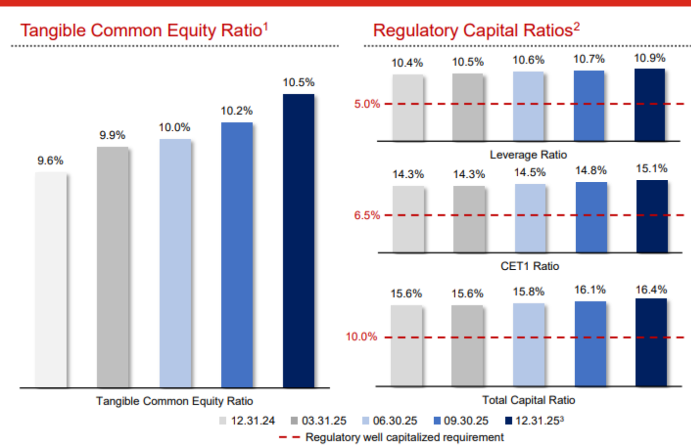
East West Bank is a U.S.-based commercial bank headquartered in California, operating in 110 locations across the US and Asia. It focuses on serving the Asian-American community, offering personal, business, and international banking services with strong ties to Asia and China.

FY 2025 earnings

USD millions	FY 2025	FY 2024	% change
Customer deposits	**67,083**	**63,175**	**6.2%**
Net interest margin	**3.41%**	**3.27%**	**0.14%**
Net interest income	**2,553**	**2,279**	**12.0%**
Provision for credit losses	**160**	**174**	**-8.0%**
Fee income	**348**	**310**	**12.3%**
Operating income	**1,725**	**1,482**	**19.5%**
Net income	**1,325**	**1,166**	**16.4%**
EPS diluted	**9.52**	**8.33**	**14.3%**
CET1 capital ratio	**15.1%**	**14.3%**	**0.8%**
Operating margin	**37.2%**	**32.9%**	**4.3%**
Equity	**8,899**	**7,723**	**15.2%**
RoE (annualised)	**15.1%**	**14.3%**	**0.8%**

Quarterly Results Trend



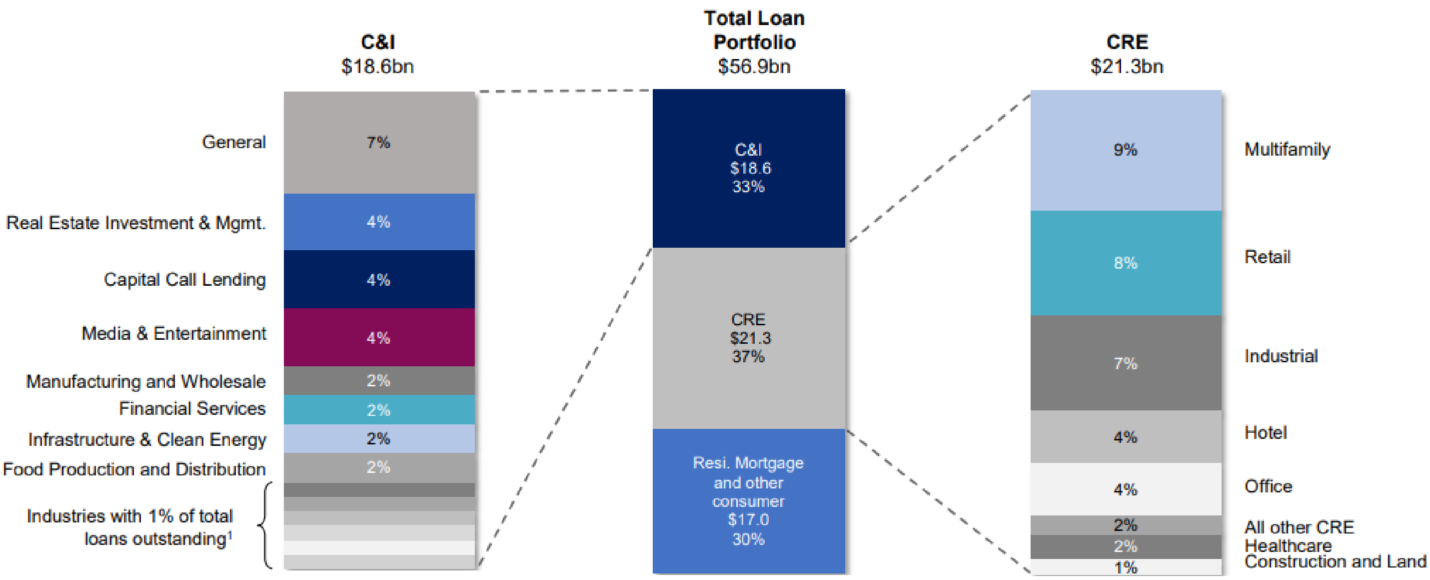


Financial Highlights

- Deposit base grew 6.2% YoY to record highs at $67.1bn in Q4 2025. Deposit growth was most pronounced in noninterest-bearing demand, money market and time deposits.
- Total assets grew 5.8% from $76.0bn at the end of 2024 to a record high $80.4bn at the end of 2025. The loan book grew 6.0% YoY to $56.9bn, with cash and debt securities growing 6.3% to $20.7bn over the same period.

- Net interest margin (NIM) expanded to 3.41% from 3.27%. Average loan yields were down 27bps YoY with average cost of deposits down 42bps. In other words, NIM expansion came from cost of deposits falling further than loan yields.
- Total income, net revenue and net income all hit records in 2025, with net income up 16.4% YoY. Again, growth in the deposit base and improvement in NIM drove higher earnings.
- CET1 capital ratio was 15.1%, well above the regulatory requirement of 6.5%.
- The criticised loans ratio decreased 17bps YoY to 2.01% of loans held-for-investment (HFI) for 2025, compared with 2.18% in 2024.
- 2025 provision for credit losses was $160 million (0.29% of the loan book), compared with $174 million (0.33% of the loan book) in 2024.
- Fee income for 2025 was $348m, growth of 12.0% over $310m in 2024. This was driven by 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 (+12.4% YoY), but deposit growth and NIM improvement was enough to see 16.4% growth in net income.
- Loan book breakdown for Q4: 32.8% commercial and industrial loans (C&I), 37.4% Commercial real estate (CRE), 29.9% residential mortgage and other consumer loans.
- CRE portfolio has an average LTV of 49% with only 4% of loan value with LTV >70%.
- Residential mortgage portfolio has an average LTV of 50% with 12% of mortgage value with LTV > 60%.
- EWBC repurchased $114m of shares in 2025.

Q4 loan book breakdown:



Management Comments

- Chairman and CEO Dominic Ng: ”2025 marked another record year for revenue, net interest income, fees, noninterest income, net income, and earnings per share. Our results underscore the breadth of value we provide our clients. I am particularly proud of our associates' focus on driving growth in business checking account relationships. We added thousands of new business accounts in 2025 and experienced healthy growth in noninterest-bearing deposit balances. Credit trends remained resilient, with net charge-offs and criticized loans both declining quarter-over-quarter.”
- Forward guidance provided was for loan growth of 5-7% with revenue and net interest income both trending at 5-7%. Net charge-offs estimated at 20-30bps.

Ben Jones Investments Outlook

- East West Bank continue to grow their deposit base to record levels, which they have done at a 13% CAGR over the past 20 years.
- We see the growth in noninterest-bearing demand as a positive reflection of EWBC's customer service and trust.
- NIM has been broadly stable, and we expect it to continue at around 3.5% going forward. NIM tends to be higher with a steeper yield curve and lower with long-term rates nearer to zero. NIM in Q4 was around average at 3.41%.
- We've seen loan growth track deposit growth, with both up around 6% for the year. A neutral approach to risk is ok, given EWBC's capital ratio.
- EWBC has 67% of its loan book in well-collateralized real estate. Given 4% of CRE loans have LTV > 70% and 12% of residential mortgages have LTV > 60%, we expect default potential on these loans to remain low.
- EWBC have $4.2bn of cash and $16.5bn of debt securities available to cover any potential for loan losses on a $56.1bn loan book. Given CRE and residential mortgages are well collateralized, the total of $20.7bn would more than cover the entire C&I loan book of $18.7bn.
- Provisions for credit losses remain low and criticised loans remains low at 2.01% of the loan book. LTVs across the mortgage and CRE books remain sufficiently low that we don't expect major losses in these categories. It's promising that LTVs and criticised loans remain low despite a correction in CRE and residential homes prices over the last 12 months.
- EWBC's $20.7bn of liquid assets also provides ample liquidity in the event of large client withdrawals, covering 30.9% of total customer deposits.
- We think EWBC can continue to grow deposits and remain well-capitalised with a conservative loan book.