



WEALTH PRESERVATION EQUITY RESEARCH

EWBC

East West Bancorp, Inc.

BUY @ \$106.55

Fair Value (Base)	\$125.00
Margin of Safety	14.8%
WP Score	71 / 100
Dividend Yield	3.0%
Expected Return (Base)	9.0% CAGR
Bear Case Return	0.7% CAGR

Report Date: April 1, 2026

Exchange: NASDAQ | Sector: Financial Services | Industry: Regional Banking

Market Cap: \$14.7B | 52-Week Range: \$68.27 — \$123.82

Prepared for Moschovakis Capital. This analysis is for informational purposes only.
Not a recommendation to buy or sell securities. Past performance does not guarantee future results.

EXECUTIVE SUMMARY

Metric	Value
Recommendation	BUY
Current Price	\$106.55
Fair Value (Base Case)	\$125.00
Margin of Safety	14.8%
Target Entry (if HOLD)	N/A — BUY at current

Return Profile

Metric	Value
Dividend Yield	3.0%
Expected Dividend Growth	12.0% (5Y CAGR)
Expected EPS Growth	6.0% CAGR
Total Expected Return (Base)	9.0% CAGR
Bear Case Total Return	0.7% CAGR
Bull Case Total Return	14.0% CAGR
Probability-Weighted Return	8.2% CAGR

Risk Assessment

Metric	Value
Wealth Preservation Score	71 / 100
Downside Protection Score	60 / 100
Quality Score	93 / 100
Risk Level	MODERATE
Probability of >50% Perm. Loss	<5%
Recession Profile	SENSITIVE

One-Line Thesis:

East West Bancorp combines fortress-level capital (CET1 >15%), elite profitability (16% ROE, 37% efficiency ratio), and a differentiated U.S.-Asia cross-border franchise with a 3% dividend yield at an 11x P/E, offering capital preservation through a cycle with meaningful upside from earnings compounding and re-rating potential.

INVESTMENT THESIS

East West Bank occupies a rare and defensible position among U.S. regional banks: it serves as the financial bridge between the United States and Greater China. This cross-border niche gives it access to commercial and consumer deposit flows that competitors cannot replicate without decades of relationship building and cultural fluency. The result is a funding advantage (low-cost deposit base, loan-to-deposit ratio of 83%) that translates directly into superior net interest margins and an efficiency ratio of 37%, ranking among the best in the entire U.S. banking industry.

At \$106.55, the stock trades at 11.2x trailing earnings and 1.74x tangible book value per share, well below its February 2026 all-time high of \$123.82 and at a discount to the quality of the franchise. This pullback creates an entry point where the dividend yield (3.0%) has expanded, and the forward return profile comfortably clears our inflation + 4% hurdle. With consensus expecting EPS of \$10.48 in 2026 (a 10% growth rate), the stock trades at just 10.2x forward earnings, a valuation that assigns no premium to its differentiated franchise, record profitability streak, or the 33% dividend increase announced in January 2026.

The downside is bounded by several structural factors. CET1 capital stands at roughly 15%, nearly 50% above the regulatory well-capitalized threshold. The balance sheet carries minimal credit risk: NPLs are 22 basis points and net charge-offs were only 11 basis points in 2025. The bank sailed through both the 2020 pandemic (EPS dipped only 8%) and the 2023 regional bank panic (no deposit flight, no emergency lending). A 30% revenue decline, the kind of stress scenario we model in bear cases, would still leave the bank profitable and the dividend covered multiple times over. Capital is preserved in our downside scenario, with a bear case total return of approximately 0.7% CAGR over a 10-year horizon.

Compared to a 4% HYSA, this position offers a 3% current yield that grows at double-digit rates, plus meaningful price appreciation potential. A \$100 investment is expected to become \$237 in our base case over 10 years versus \$148 in a savings account, a \$89 advantage generated with moderate risk and strong downside protection.

1. BUSINESS QUALITY ASSESSMENT

Business Model:

East West Bancorp is the parent of East West Bank, the largest independent bank headquartered in Southern California. With \$80+ billion in assets and over 110 locations across the U.S. and Asia, the bank serves a diversified customer base spanning commercial and industrial lending, commercial real estate, residential mortgage, trade finance, wealth management, and foreign exchange services. The bank generates revenue primarily through net interest income (~87% of revenue) supplemented by growing fee income from wealth management, FX, derivatives, and deposit fees.

Competitive Moat:

Moat Type	Evidence	Durability	Preservation Value
Cross-Border Niche	U.S.-Asia banking bridge; cultural fluency	9 / 10	Excellent
Switching Costs	Deep commercial relationships; trade finance	8 / 10	Excellent
Cost Advantage	37% efficiency ratio; low-cost deposit base	8 / 10	Excellent
Brand / Trust	25+ years on NASDAQ; #1 performing bank (Bank Director)	7 / 10	Good

The cross-border franchise is the primary moat. No major U.S. bank can replicate the cultural and linguistic trust East West has built within Asian-American business communities over three decades. This moat deepens with each new relationship as the bank becomes embedded in trade flows between U.S. and Asian markets. Erosion would require a competitor to invest decades building equivalent community trust, making the moat self-reinforcing.

Market Position:

Metric	Assessment
Industry Ranking	#1 Performing Bank, \$50B+ Assets (Bank Director, 3 consecutive years)
Market Share	Dominant in U.S.-Asia cross-border banking; growing in mainstream commercial
Pricing Power	STRONG — NIM consistently above peer median; deposit cost advantage



2. FINANCIAL FORTRESS ANALYSIS

Balance Sheet Strength (Bank-Adapted Metrics):

Metric	Value	Threshold	Assessment
CET1 Capital Ratio	~15.5%	>10.5% well-cap.	✓ FORTRESS
Total Capital Ratio	~16.2%	>10.0%	✓ FORTRESS
Tangible Common Equity	10.24%	>8.0%	✓ FORTRESS
Leverage Ratio	10.66%	>5.0%	✓ FORTRESS
NPL / Total Assets	0.22%	<1.0%	✓ Excellent
Net Charge-Offs (ann.)	11 bps	<50 bps	✓ Excellent
Loan-to-Deposit Ratio	83%	<100%	✓ Ample Liquidity
ALLL / Total Loans	1.31%	>1.0%	✓ Well Reserved

Solvency Verdict: FORTRESS

East West operates with capital levels that rival the largest U.S. money center banks. At CET1 of ~15.5%, the bank holds nearly 50% more capital than regulators require for a well-capitalized designation. This is not accidental: CEO Dominic Ng has built a culture of capital strength that allows the bank to be opportunistic in downturns (acquiring assets, repurchasing shares) rather than defensive. The combination of low NPLs (22 bps), minimal net charge-offs (11 bps in 2025), and a robust reserve (ALLL at 1.31%) provides multiple layers of loss absorption before capital is impaired.

Profitability Metrics:

Metric	FY2025	5Y Average	Trend
Return on Equity (ROE)	16.0%	~15.5%	↑ Improving
Return on Tangible CE	~17.5%	~16.5%	↑ Improving
Return on Assets	1.70%	~1.55%	↑ Improving
Net Interest Margin	~3.30%	~3.25%	→ Stable
Efficiency Ratio	~37%	~38%	↑ Improving
Fee Income / Revenue	~13%	~10%	↑ Improving

The profitability profile is exceptional by any measure. A 16% ROE and 1.70% ROA place East West in the top decile of U.S. banks. The efficiency ratio at 37% means the bank converts 63 cents of every revenue dollar into pre-provision income, a level of operational discipline that provides a significant buffer against credit losses and rate compression. Management has guided for 7-9% expense growth in 2026 driven by technology and headcount investment, but NII growth of 5-7% and double-digit fee growth should keep the efficiency ratio best-in-class.

3. DIVIDEND ANALYSIS

Metric	Value	Assessment
Current Yield (Annualized)	3.0% (\$3.20/share)	Above 5Y avg yield of 2.3%
Payout Ratio (FY2025 EPS)	33.6%	Excellent — room to grow
Dividend Growth (3Y CAGR)	~14.6%	Outstanding
Dividend Growth (5Y CAGR)	~12%	Strong
Consecutive Years Paid	26 years (since 1999)	Established track record
Most Recent Increase	+33% (Jan 2026)	Signal of confidence
Maintained Through 2020?	Yes — and increased	✓
Maintained Through 2023 SVB Crisis?	Yes — and increased	✓

Dividend Per Share History (Annual):

Year	2019	2020	2021	2022	2023	2024	2025	2026E
DPS	\$1.10	\$1.10	\$1.21	\$1.52	\$1.76	\$2.15	\$2.35	\$3.20
YoY Growth	—	0%	10%	26%	16%	22%	9%	36%

Dividend Sustainability: ROCK SOLID

The 33% dividend increase announced in January 2026 is a definitive statement from the board about earnings power and capital strength. At a 33.6% payout ratio on trailing earnings, the dividend consumes barely one-third of net income, leaving ample room for continued double-digit growth for years ahead. If earnings dropped 40% in a stress scenario (EPS falling from \$9.52 to \$5.71), the new \$3.20 annual dividend would still represent only a 56% payout ratio, well within sustainable territory. The combination of a 3% starting yield and 12%+ growth rate creates a powerful income compounding engine: at the current growth trajectory, annual dividends per share could exceed \$6.00 within five years.

4. VALUATION ANALYSIS

Relative Valuation:

Metric	Current	5Y Avg	10Y Avg	Percentile	vs. History
P/E (TTM)	11.2x	~12.0x	~13.5x	~30th	Below Avg
P/TBV	1.74x	~1.90x	~1.75x	~45th	At Avg
P/E (Forward)	10.2x	~11.0x	—	~25th	Below Avg
Dividend Yield	3.0%	2.3%	2.0%	~75th	Above Avg

Fair Value Calculation:

Normalized EPS: \$10.00 (2026 consensus midpoint, reflecting 5-7% NII growth guidance plus fee income expansion). Fair P/E Multiple: 12.5x (reflecting above-peer ROE, best-in-class efficiency, and a differentiated franchise that warrants a modest premium to the regional bank average of ~10-11x). Fair Value: \$10.00 x 12.5 = \$125.00. Current Price: \$106.55. Margin of Safety: 14.8%.

Valuation Verdict: ATTRACTIVE

The stock has pulled back 14% from its all-time high of \$123.82, bringing valuation to levels that no longer reflect the quality of the franchise. At 11.2x trailing earnings and 10.2x forward, you are paying a discount to the 5-year average P/E while the underlying business delivers record profitability. The dividend yield at 3.0% is above its 5-year average of 2.3%, providing additional confirmation that the entry point offers value. Analyst price targets range from \$116 to \$150, with a consensus of ~\$128, suggesting 20%+ upside from current levels before accounting for dividends.



5. SCENARIO ANALYSIS

Scenario	EPS CAGR	Terminal P/E	10Y Price	Div. Yield (10Y)	Total CAGR	Weight
Bear	0.0%	8.0x	\$76	4.2%	0.7%	25%
Base	6.0%	11.0x	\$188	1.7%	9.0%	50%
Bull	8.0%	13.0x	\$267	1.2%	14.0%	25%

Probability-Weighted Expected Total Return: 8.2% CAGR

Bear Case Assumptions (25% weight):

A recession arrives in 2027-2028, net charge-offs spike to 75+ bps, and NIM compresses as the Fed cuts rates aggressively. EPS declines from \$9.52 to approximately \$7.00 (a 26% decline, less severe than 2020 because the bank enters this cycle with stronger capital and lower CRE concentration). EPS recovers to \$8-9 by year 5 and grows at 3% thereafter. The terminal P/E compresses to 8x (trough valuation). The dividend grows slowly but is maintained throughout. At a 10-year price target of \$76 plus approximately \$30 in cumulative dividends, the total return is approximately 0.7% CAGR. Capital is preserved.

Base Case Assumptions (50% weight):

The economy grows at trend, East West delivers on its 5-7% NII growth guidance, and fee income continues its double-digit expansion trajectory. EPS compounds at 6% CAGR, reaching approximately \$17 by year 10. The P/E remains at 11x (no re-rating). Dividends grow at 10% annually, providing substantial income. At a 10-year price target of \$188 plus \$55+ in cumulative dividends, the total return is approximately 9.0% CAGR, comfortably exceeding our 7% hurdle.

Bull Case Assumptions (25% weight):

East West gains market share as competitors retrench, fee income becomes 15%+ of revenue, and the cross-border franchise benefits from growing U.S.-Asia trade flows. EPS compounds at 8%, reaching ~\$20.50 by year 10. The market recognizes the franchise quality and re-rates the P/E to 13x. Dividends grow at 12% annually. At a 10-year price target of \$267 plus \$65+ in cumulative dividends, the total return is approximately 14.0% CAGR.

Critical Downside Check:

Check	Result
Bear Case Total Return	0.7% CAGR — Capital Preserved ✓
Max Estimated Drawdown	~30% (to ~\$76 in severe stress)
Probability of >50% Permanent Loss	<5%
Dividend Maintained in Stress?	Yes — 56% payout at 40% earnings decline ✓

6. RISK ASSESSMENT

Risk Category	Score (1-10)	Key Concern	Mitigation
Balance Sheet	2	CRE concentration (office)	Office is 3.6% of loans; ALLL at 3.20% for office
Earnings Volatility	3	Rate sensitivity	Asset-sensitive; higher rates benefit NII
Competitive Threat	3	Larger banks entering niche	Decades of trust not replicable
Regulatory Risk	4	U.S.-China geopolitical tension	Diversified U.S. domestic operations
Management Risk	2	CEO succession planning	Ng has led for 28 years; strong bench
Valuation Risk	3	Re-rating risk if growth slows	11x P/E provides cushion
Credit Risk	3	NCOs guided higher in 2026	20-30 bps guided; well-reserved
Aggregate Risk	2.9		

Recession Stress Test:

Period	Revenue Impact	EPS Impact	Dividend Action	Stock Drawdown	Recovery
2008-09	NII -15%	EPS -70%	Cut from \$0.20 to \$0.10/q	-89% (peak-trough)	~4 years
2020 COVID	NII -5%	EPS -8%	Maintained & grew	-45%	~12 months
2023 SVB Panic	NII flat	EPS grew	Increased	-30%	~6 months

Recession Profile: SENSITIVE

The 2008-2009 crisis was severe for EWBC: the bank had meaningful CRE exposure, and California was at the epicenter of the housing collapse. Earnings cratered, the dividend was cut by half, and the stock fell 89%. The bank raised capital but survived, and it rebuilt into a far stronger institution. The 2020 and 2023 episodes tell the current story: a bank with substantially better capital, lower NPLs, a more diversified loan book, and proven deposit stability. The recession profile earns SENSITIVE rather than RESILIENT because banking remains inherently cyclical, and the 2008 experience is in the historical record, but today's East West Bank is fundamentally different from its 2008 incarnation.

7. MANAGEMENT & GOVERNANCE

CEO: Dominic Ng

Metric	Detail
Tenure	28 years (Chairman & CEO since 1998)
Insider Ownership	~1.04% (~808K shares, ~\$86M at current price)
Track Record	Transformed EWBC from \$2B community bank to \$80B+ institution
2025 Performance	Record net income, EPS, revenue, NII, and fee income
Capital Allocation	Disciplined: buybacks at reasonable valuations; consistent dividend growth
Compensation Alignment	Significant equity stake; comp tied to ROE, efficiency, growth targets

Capital Allocation (5-Year Track Record):

Category	Assessment	Detail
Dividend Growth	✓ Consistent	14.6% 3Y CAGR; 33% increase in 2026
Share Buybacks	✓ Disciplined	Repurchased at avg. <\$98/share in Q4 2024; \$329M authorization
Acquisitions	✓ Organic Focus	No major acquisitions; growth through relationships
Debt Management	✓ Prudent	CET1 rose from ~13% to ~15.5% in 3 years

Management Quality: EXCELLENT

Dominic Ng is among the longest-tenured and most accomplished bank CEOs in the United States. Under his leadership, East West grew from a small community bank into the largest independent bank in Southern California and a nationally recognized institution. The transformation from a \$2 billion asset bank to an \$80+ billion franchise happened without the empire-building acquisition spree that has plagued other regional bank rollups. Growth came through relationship deepening, geographic expansion, and operating discipline. The February 2026 insider sales (CEO sold 50,000 shares at ~\$118) bear monitoring, though they represent a small fraction of his total holdings and occurred near all-time highs, a reasonable portfolio management decision for a 28-year tenure CEO.



8. PEER COMPARISON

Metric	EWBC	CFR	WAL	WTFC	Best for WP
ROE	16.0%	~14%	~15%	~14%	EWBC
Efficiency Ratio	37%	~52%	~46%	~55%	EWBC
CET1 Ratio	~15.5%	~14%	~11%	~10%	EWBC
Dividend Yield	3.0%	~2.8%	~2.0%	~1.5%	EWBC
Payout Ratio	34%	~40%	~25%	~20%	EWBC (best coverage)
P/E (TTM)	11.2x	~14x	~10x	~11x	WAL / EWBC
P/TBV	1.74x	~2.2x	~1.5x	~1.4x	WAL
NPL Ratio	0.22%	~0.5%	~0.4%	~0.3%	EWBC
5Y Div. Growth	~12%	~8%	~15%	~10%	WAL / EWBC

East West stands out as the best wealth preservation candidate among comparable regional banks. It leads on ROE, efficiency, capital strength, and asset quality, while offering a competitive dividend yield. Western Alliance trades at a lower P/TBV but carries higher NPLs and less capital. Cullen/Frost has a defensive Texas franchise but trades at a premium valuation with lower profitability. Wintrust is cheaper on P/TBV but materially weaker on efficiency and capital. EWBC commands a slight valuation premium over some peers, but the combination of superior profitability, lower credit risk, and a differentiated franchise justifies it.

9. KEY METRICS SUMMARY & WP SCORING

Wealth Preservation Score Breakdown:

Component	Weight	Score	Weighted
Downside Protection	45%	60 / 100	27.0
Return Adequacy	30%	70 / 100	21.0
Quality	25%	93 / 100	23.3
COMPOSITE WP SCORE			71.3 / 100

Summary Metrics:

Metric	Value
Wealth Preservation Score	71 / 100
Fair Value Range	\$114 — \$140
Current Price	\$106.55
Margin of Safety	14.8% (to base fair value of \$125)
Expected Total Return (Base)	9.0% CAGR
Bear Case Return	0.7% CAGR
Dividend Yield + Growth	3.0% + 12%
ROE vs. Peers	16.0% (top decile)
CET1 Ratio	~15.5% (fortress)
Probability of Permanent Loss	<5%

Absolute Requirements Checklist:

Requirement	Result	Pass?
Bear case total return $\geq$ 0%	0.7% CAGR	✓ PASS
Base case total return $\geq$ 7%	9.0% CAGR	✓ PASS
Solvency: FORTRESS or ADEQUATE	FORTRESS	✓ PASS
Dividend sustainability: ROCK SOLID or SUSTAINABLE	ROCK SOLID	✓ PASS
Probability of >50% perm. loss <10%	<5%	✓ PASS
Margin of safety $\geq$ 10%	14.8%	✓ PASS
Interest coverage $\geq$ 5x (bank: CET1 >10.5%)	15.5%	✓ PASS

10. MONITORING CHECKLIST

Quarterly Review Items:

- Earnings vs. consensus expectations (next report: April 21, 2026)
- Dividend maintained or increased
- CET1 ratio stable or improving (>14%)
- NPL ratio stable (<50 bps)
- Net charge-offs within guided range (20-30 bps)
- Efficiency ratio stable (<42%)
- Deposit growth and stability (watch for outflows)
- Insider activity (net buying vs. selling)
- Management guidance for NII, loan growth, expenses

Exit Triggers:

Condition	Action
Dividend cut	Reassess immediately; likely sell
CET1 falls below 10.5%	Sell
ROE falls below 10% for 2+ quarters	Sell
NPL ratio exceeds 2%	Sell
Net charge-offs exceed 100 bps annualized	Reduce position; reassess
CEO Dominic Ng departs without clear succession	Reassess; reduce if successor unproven
U.S.-China sanctions directly targeting EWBC operations	Sell
Bear case return turns significantly negative	Reduce or sell
Target price reached; forward return <5%	Trim or sell; reallocate
Better opportunity with 10+ point higher WP Score	Replace

FINAL RECOMMENDATION

RECOMMENDATION: BUY

Position Size Standard (WP Score 65-75 range)

Entry Strategy Scale in: 50% at market (\$106.55), 50% on any dip below \$100

Expected Outcome (10 years):

Total Return 9.0% CAGR (Base Case)

Cumulative Return ~137%

\$100 becomes ~\$237

vs. Alternatives:

HYSB (4%) \$100 → \$148

EWBC (Base) \$100 → \$237

Outperformance +\$89 per \$100 invested

Downside Protection:

Bear case preserves capital ✓ (0.7% CAGR)

Dividend provides income floor ✓ (3.0% yield, growing 12%+)

Balance sheet provides safety ✓ (CET1 >15%, NPL 0.22%)

ANALYST NOTES

Key Assumptions:

1. NII growth of 5-7% in 2026 (per management guidance) decelerating to 4-5% thereafter as rate tailwinds moderate.
2. Credit losses normalize to 20-30 bps in 2026 (per guidance) and remain below 40 bps absent a severe recession.
3. Fee income continues its double-digit growth trajectory, reaching 15% of revenue by 2028.
4. The dividend grows at 10-12% annually, with payout ratio expanding gradually from 34% toward 40-45% over 5 years.
5. No significant change to U.S.-China trade relations that would impair the cross-border franchise.

Limitations:

1. The 2008-09 performance remains a historical data point that weighs on the recession profile assessment, even though the current bank is structurally different.
2. CRE office exposure (3.6% of loans) carries residual risk from post-pandemic occupancy shifts, though the bank has provisioned aggressively (3.20% ALLL on office loans).
3. Geopolitical risk between the U.S. and China is inherently unpredictable and could impair the cross-border franchise if sanctions or restrictions escalate beyond current levels.

Confidence Level: HIGH

The combination of record profitability, fortress capital, proven management, a differentiated moat, and an attractive valuation entry point creates a high-conviction wealth preservation opportunity. The primary risk is macro (recession, geopolitics), not company-specific, and the balance sheet is built to absorb it.

Report prepared for Moschovakis Capital. This analysis is for informational purposes only and does not constitute a recommendation to buy or sell any security. Past performance does not guarantee future results. All investments involve risk, including possible loss of principal. The analyst may hold positions in securities discussed.



CONTINUE THE RESEARCH

This report is one of over 120 equity research analyses published by Moschovakis Capital. Each covers valuation, scenario modelling and risk in the same format as the report you have just read.

[Full equity research archive](#)

[Latest published research](#)

[Enquiries and coverage requests](#)

moschovakiscapital.com