

8 August 2014



THE PHILIPPINE STOCK EXCHANGE, INC.

Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: **Ms. Janet A. Encarnacion**
Head – Disclosure Department

Dear Ms. Encarnacion:

Please be advised that the attached information will be made available to the press and major newspapers. This is in relation to EastWest Banking Corporation's (PSE: EW) results of operations for the period ended June 30, 2014.

Thank you

Very truly yours,



Arol Paul B. Banal
Corporate Planning Officer



EAST WEST BANKING CORPORATION

The Beaufort, 5th Avenue corner 23rd Street, Fort Bonifacio Global City, Taguig City
Telephone number: 575-3888 | Email: service@eastwestbanker.com | www.eastwestbanker.com
A member of the [FILINVEST](#) Group

PRESS RELEASE

Contact Persons Allan M. Tumbaga / Mai G. Sangalang
Tel. Nos. +63 (2) 575-3898 / 575-3816
Email Address amtumbaga@eastwestbanker.com
mgsangalang@eastwestbanker.com



EASTWEST CONTINUES TO POST STRONG GROWTH IN CORE BANKING REVENUES

EastWest Bank reported healthy growth in its core banking revenues for the first half of 2014, with Net Interest Income and Service Fees growing by 22.7% and 26.2%, respectively from year ago level. The growth in core revenues was driven mainly by higher yielding consumer loans, coupled with lower funding cost as a result of CASA growth. However, Net Income for the first semester of 2014, declined by 18.0% year-on-year to Php1.0 billion due to lower trading gains, lower miscellaneous income and higher income taxes.

The strong growth in core revenues was driven mainly by the growth in customer loans, coupled with lower funding costs. Its customer loans increased by 29.1% to end the period at Php106.1 billion, with both corporate and consumer lending businesses growing by double-digits at 30.9% and 27.6%, respectively. Total deposits grew 24.3% ending at Php126.1 billion, with CASA growing faster which was attributed to the bank's expanded branch network.

EastWest also maintained its industry-leading net interest margin (NIM) at 8.1% for the first six months of the year driven by sustained growth in high yield consumer loans and improvement in funding costs. EastWest posted double-digit growth across all consumer business segments. EastWest remains to have the highest proportion of consumer loans among universal banks at 54% total consumer loans,. The bank's industry leading NIM helped net interest income to increase by 22.7% to Php4.8 billion, as interest income grew by 16.0% while interest expense declined by 15.8%, even as deposits grew by 24.3%.

Service charges, fees and commission grew by 26.2% to Php1.5 billion mainly coming from transactional and servicing fees of consumer lending and branches. The rest of the other operating income declined by 56.4% to Php858.4 million, as a result of the decline in securities trading gains and due to one-off miscellaneous income posted last year.

Total operating expenses, including provision for credit losses, was relatively flat at Php5.9 billion. The bank continues to feel the impact of the 178 new branches opened in 2012 and 2013. The bank has opened a total of 39 branches in 2014, which brings its total consolidated

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branch network to 386 to date, with 339 EastWest unibank branches and 47 EastWest Rural Bank branches.

“We are at the last phase of our branch expansion and we expect to feel its full impact on operating expenses this year. We are quite fortunate to have posted strong growth in our core banking businesses. We will continue to focus on consumer and middle market segments and optimize our expanded branch network, which are good sources of recurring income base,” said EastWest SVP & Chief Finance Officer Rene K. de Borja, Jr.

EastWest bank's annualized Return on Assets (ROA) and Return on Equity (ROE) stood at 1.4% and 10.6%, respectively, for the first half of 2014. Its total assets also went up by 19.1% to Php155.9 billion versus the same period last year. Capital Adequacy Ratio (CAR) and Tier 1 were 11.7% and 10.9%, respectively, for the first semester of 2014. The bank's CAR will improve commencing 3rd quarter with its issuance of Php5.0 billion Basel 3 eligible Tier 2 notes in July.

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