August 5, 2013

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:

We are pleased to furnish your good office with a copy of our SEC Form 17-Q as of June 30, 2013 filed with the Securities and Exchange Commission (SEC).

Thank you.

Very truly yours,

Aerol Paul B. Banal
Corporate Planning Officer

COVER SHEET

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SEC Registration Number

EAST WEST BANKING CORPORATION AND
SUBSIDIARIES

(Company's Full Name)

THE BEAUFORT
5TH AVENUE CORNER 23RD ST.
FORT BONIFACIO GLOBAL CITY
TAGUIG CITY 1634

(Business Address: No. Street City/Town/Province)

Renato K. De Borja, Jr.
(Contact Person)

+632 5753888 Local 3390
(Company Telephone Number)

1	2		3	1
Month			Day	

(Fiscal Year)

1	7	-	Q	

(Form Type)

Month Day
(Annual Meeting)

NONE

(License Type, If Applicable)

Corporate Finance Department
Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **June 30, 2013**

2. Commission identification number **AS094-002733**

3. BIR Tax Identification No. **003-921-057-000**

4. Exact name of issuer as specified in its charter
   EAST WEST BANKING CORPORATION

5. Province, country or other jurisdiction of incorporation or organization **PHILIPPINES**

6. Industry Classification Code: ☐ (SEC Use Only)

7. Address of issuer's principal office Postal Code
   The Beaufort, 5th Avenue, Corner 23rd St. **1634**
   Fort Bonifacio Global City, Taguig City

8. Issuer's telephone number, including area code
   +632 575 3888 Extension 3390

9. Former name, former address and former fiscal year, if changed since last report
   n/a

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Shares (Php 10 par)	**Total: 1,128,409,610 shares**
Subordinated Debt Php 2,862,491,587	

....

11. Are any or all of the securities listed on a Stock Exchange?

Yes [**X**] No [ ]

<u>The company was listed in the Philippine Stock Exchange on May 7, 2012.</u>

If yes, state the name of such Stock Exchange and the classes of securities listed therein:

Name of exchange: **<u>Philippine Stock Exchange</u>**
Class of securities: **<u>Common Shares</u>**

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [**X**] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [**X**] No []

PART I – FINANCIAL INFORMATION

Item I:

Management's Discussion & Analysis of Financial Position and Results of Operations

Item II:

Financial Statements (Attachment 1 - Unaudited Interim Financial Statements)

PART II – OTHER INFORMATION

Refer to the following:

Attachment 2 – Aging of Past Due Loans and Other Receivables
Attachment 3 – Consolidated Financial Ratios
Attachment 4 – Use of Proceeds from Initial Public Offering as of June 30, 2013

There are no material disclosures that have not been reported under SEC Form 17-C during the period covered by this report.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

East West Banking Corporation
Issuer

By:

Antonio C. Moncupa, Jr.
President and Chief Executive Officer

Renato K. De Borja, Jr.
Senior Vice-President and Chief Finance Officer

August 5, 2013

Part I
Management's Discussion & Analysis of
Financial Position and Results of Operations

Financial Performance Highlights

The Bank's net income grew by 40% to P1.28 billion from P910 million in the same period last year, which resulted to an annualized Return on Equity and Return on Assets of 14.2% and 2.1%, respectively.

Total Assets stood at P130.9 billion as of June 30, 2013. This is 41% and 8% higher than June 30, 2012 and December 31, 2012, respectively. The y/y growth in assets is driven mainly by the growth in lending. Customer loans grew by 52% y/y and 14% for the first half of the year. The Bank remains focused on its strategies in growing its consumer and mid-market corporate loans. Consumer loans grew by 45% y/y and 18% in the first half of the year, at the back of strong demand for consumer financing. Corporate loans grew 60% y/y and 9% in the first half of the year. Consumer loans still take up more than half of the loan portfolio at 54% of total customer loans.

Operating expenses (exclusive of provision for impairment losses) increased by 52% to P4.2 billion from P2.8 billion in the same period last year resulting from the full year effect of its 2012 branch store expansion and additional branches opened in 2013. Provision for credit losses increased by 139% to P1.6 billion as the Bank adequately provided for its increasing loan portfolio in the unsecured segment. The Bank's operating income posted a growth of 59% to P7.1 billion from P4.4 billion in the same period last year. Strong growth in core earnings was anchored on above industry net interest margin (NIM) of 8.2%. Other operating income posted 87% growth, mainly driven by strong trading gains, fees from transactional services coming from consumer lending and branches.

Financial Position

Loans

Customer loans grew by 52% y/y and 14% in 1H2013. The Bank remains focused in growing its consumer and mid-market corporate loans. Consumer loans grew by 45% y/y and 18% in 1H2013, at the back of consistent growth in the parent bank's credit cards and auto loans portfolio, as well as salary loans coming from the rural bank subsidiary. Corporate loans grew 60% y/y and 9% in 1H2013. Similar to prior periods, consumer loans still take up more than half of the portfolio at 54% of total customer loans.

Deposits

Deposit levels as of the first half of 2013 stood at P101.5 billion, up by 50% from the same period last year and up 11% from end 2012. The y/y growth is largely attributable to the expanded branch store network as reflected in the growth of low cost deposits (CASA) which ended at P58.1 billion for an increase of 61% y/y. High cost deposits (inclusive of LTNCDs) on the other hand increased by 38% y/y to end the first half at P43.3 billion. As a result, low cost (CASA) to total deposits ratio improved further to 57%, up from 53% in the same period last year and 55% compared to 2012 year-end levels.

The strong growth in both lending and low cost funds, and the reduction in the cost of high cost deposits resulted for the Bank to post another record NIM of 8.2% as of the first half of 2013, which is twice the industry average.

Capital

The Bank's Capital Adequacy Ratio remain more than adequate at 16.8% as of 1H2013 despite the increase in risk weighted assets, particularly customer loans which increased by 52% y/y. The Bank's Tier 1 ratio stood at 13.5%. The Bank's Tier 1 capital is composed entirely of common equity. While the Bank's capital levels are still above Basel 3 requirements, which will take effect next year, the Bank regularly reviews its capital structure that will best optimize returns for shareholders under Basel 3 regime.

Credit Quality

The Bank's overall NPL ratios increased as the Bank gains market share in the consumer space, particularly in credit cards, in which it now ranks 5th in terms of accounts receivables as of the first half of 2013 from previous ranking of 6th place. The Bank's NPL to Total Customer Loans, net of fully provided NPLs, inched up higher to 4.1%[1] in the first half of 2013 from 4.0%[1] in the same period last year. It increased from 3.5%[1] as of December 2012 due to higher credit cards past due, which is in line with expectations as the Bank targets to reach the coveted 1,000,000 mark in cards-in-force by the end of the year (June 2013 cards-in-force at 950,607). The Bank expects NPL to decline as the new card vintages mature over time.

The Bank's net NPL ratio at solo level and as disclosed to the BSP is at 2.42%[2] in June 2013 from 4.48%[2] in June 2012. The y/y decline in NPL is largely due to the change in BSP guidance in calculating NPL ratio, in which total specific allowances are now a deductible from NPL in computing for NPL ratio, as compared to last year wherein only the NPLs classified as loss by the BSP are considered as deductions in computing for its NPL. The Bank's overall NPL coverage ratio is at 77%[3], as expected losses are computed in consideration of the loan portfolio's collateral value and/or expected recoveries.

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[1] *Total NPLs less: 100% covered NPLs divided by Total Customer Loans less: 100% covered NPLs (at Group level)*
[2] *NPL ratio disclosed to the BSP (at Parent level)*
[3] *Allowance for Loan Losses of Parent and Subsidiary divided by Total NPLs*

Results of Operations - For the Second Quarter ended June 30, 2013 and 2012

Revenues

Net Revenues grew by 52% in 2Q2013 to P3.5 billion from P2.3 billion in the same quarter last year. Core earnings of the Bank composed of net interest income and other income, exclusive of trading income, increased by P1.1 billion or 55% in 2Q2013 from 2Q2012.

Securities trading gains in 2Q2013 was at P447 million, or 48% higher as compared to the same quarter last year. Foreign exchange trading, on the other hand, was at P40 million in the quarter, or 36% lower than the P62 million gains posted in the same quarter last year.

Net Interest Income

Net Interest Income stood at P2.0 billion in 2Q2013, 40% or P575 million higher than the P1.4 billion posted in 2Q2012. The higher net interest income was a result of the double digit growth in lending coupled by declining cost of deposits. Interest income on loans in 2Q2013 increased by 44%, while interest expense on deposits declined by 7% compared to same quarter last year.

Fee Income

Fee based income in 2Q2013 was at P948 mllion, which is more than 2x that of the P469 million posted in the same quarter last year. The increase primarily came from P620 million of service charges, fees, commissions and other charges booked in 2Q2013, which is 56% higher than the same quarter last year on account of increasing CASA base and consumer loan portfolio which are rich in fees. Likewise, miscellaneous income in 2Q2013 increased by 6.5x as a result of gains on the sale of cards written-off portfolio in 2Q2013.

Trading Income

Securities trading gains in 2Q2013 was at P447 million or 48% higher than the P302 million gains booked in the same quarter last year. The Bank's trading strategy worked as it took a conservative stance after the strong trading run at the start of the year until April 2013 and when rates started to bottom. Foreign exchange gains, however, was only at P40 million in 2Q2013, which is lower by P22 million compared to foreign exchange gains booked in the same quarter last year.

Operating Costs

Total operating expenses increased by 56% in 2Q2013 to P2.2 billion from P1.4 billion in the same quarter last year as a result of business expansion and larger branch network. Compensation and fringe benefits of P750 million was 71% higher than the same quarter last year on account of the 781 net incremental new hire y/y. Taxes and licenses increased by 35% to P221 million as a direct result of higher operating income. Rent expense of P143 million was 56% higher, while depreciation and amortization of P172 million was 35% higher on account of the branch expansion. Miscellaneous expenses increased by 56% to P880 million due mainly from increases in: (1) service charges and commissions, postage and broker collection fees on account of consumer lending expansion; and (2) Securities, messengerial and janitorial services, as well as utilities expenses on account of business line and branch expansion. The rest were spread across various expenses, i.e. travel, insurance, repairs and maintenance, etc. which resulted from the business growth.

Provisions

Provision for loan losses increased by 113% to P729 million in 2Q2013 from P374 million in the same quarter last year on account of the growth in consumer loans, particularly unsecured portfolios of credit cards and personal loans.

Results of Operations - For the Six Months ended June 30, 2013 and 2012

Revenues

Net Revenues grew by 59% y/y to P7.1 billion from P4.4 billion in the same period last year. The Bank's net interest income and other income, exclusive of trading income, increased by P1.8 billion or 47% y/y.

Core recurring income was complemented by robust trading gains at the start of the year, as the Bank took advantage of favorable market conditions with fixed income securities trading gains growing by 161% to P1.5 billion from P573 million in the same period last year. Foreign exchange trading, on the other hand, went down to P69 million from P132 million in the same period last year.

Net Interest Income

Net Interest Income stood at P3.9 billion, 41% or P1.1 billion higher than the P2.8 billion posted in the first half of last year. The higher net interest income was a result of the double digit growth in lending coupled by declining cost of funds. Net Interest Margin (NIM) improved to 8.2% in 1H2013 from 6.8% in the same period last year, even as corporate loan yields continue to decline, due to (i) robust growth in loans, particularly consumer loans which accounts for 54% of the portfolio; and (ii) Lower cost of funding as CASA to Total Deposit ratio improve to 57% and cost of high cost deposit continue to decline.

Fee Income

Fee based income increased by 63% to end at P1.6 billion from P982 million in the same period last year. The increase primarily came from service charges, fees, commissions and other charges which stood at P1.2 billion or 49% higher. This is attributable to the increasing deposit base and consumer loan portfolio which attract transaction fee income. Likewise, miscellaneous income increased by 3.7x as a result of accelerated recovery income on sold credit cards portfolio. The increase in fees was partly offset by the decline in gain on sale of foreclosed/ repossessed assets, which went down by P30 million y/y.

Trading Income

The Bank took advantage of market opportunities arising from decline in interest rates at the earlier part of the year. As a result, the Bank realized gains on its securities position in the early part of the year and took a more conservative stance thereafter particularly in the latter part of 2Q on account of market volatility. Trading and securities gain increased by 161% or P922 million to end at P1.5 billion as of the first half of 2013. Foreign exchange gains was at P69 million, down by P63 million y/y, at the back of a volatile financial market.

Operating Costs

Total operating expenses increased by 52% to P4.2 billion from P2.8 billion in the same period last year as the full year effect of the branch store expansion in 2012 has started to reflect on expenses. Compensation and fringe benefits of P1.5 billion was P623 million or 73% higher than the same period last year on account of the higher headcount for the new branch stores and business expansion particularly in the areas of consumer and corporate lending. Taxes and licenses increased by 35% to P467 million as a direct result of higher operating income. Depreciation and amortization of P330 million was 29% higher while Rent expense of P281 million was 56% higher both on account of the new branch stores that were opened throughout 2012.

Miscellaneous expenses increased by 45% to P1.6 billion due to the following: (1) Advertising went down by P37 million due to one-time re-branding spends in the first half of 2012; (2) Service charges and commissions, postage and broker-collection fees increased by a combined P229 million on account of expansion in consumer loans, especially in credit cards; and (3) Securities, messengerial and janitorial expenses, as well as utilities cost increased by P129 million on account of new corporate head quarters and branch stores. The rest were spread out across various variable expenses such as PDIC insurance (o/a of higher deposit level), repairs & maintenance, transportation and travel, etc. which are directly related to growth in loans and deposit businesses.

Cost-to-Income ratio declined to 59% in 1H2013 from 62% in the same period last year due to steady growth in core earnings and trading gains realized at the start of the year, which offset the expenses arising from the branch store expansion from last year.

Provisions

Provision for loan losses increased by 139% to P1.6 billion from P682 million in the same period last year as the Bank accelerated loan loss provisions on account of the rapid growth in consumer loans, particularly unsecured portfolios of credit cards. There were also some one-off non-credit loss provisions booked at the start of the year.

Summary of Key Financials and Ratios

Balance Sheet (in PHP billions)	June 30, 2013	June 30, 2012	y/y Growth %
Assets	130.9	93.1	41%
Consumer Loans	44.6	30.7	45%
Corporate Loans	37.6	23.6	60%
Low Cost Deposits (CASA)	58.1	36.0	61%
High Cost Deposits	43.3	31.5	38%
Capital	18.6	16.5	13%

Profitability (in PHP millions)	June 30, 2013	June 30, 2012	y/y Growth %
Net Interest Income	3,899	2,759	41%
Other Income	3,162	1,687	87%
Operating Expenses	4,180	2,756	52%
Provision for Losses	1,634	682	139%
Net Income After Tax	1,276	910	40%

Key Financial Ratios	June 30, 2013	June 30, 2012	Variance b/(w)
Return on Equity	14.2%	13.1%	1.1%
Return on Assets	2.1%	2.0%	0.0%
Net Interest Margin[1]	8.2%	6.8%	1.4%
Cost-to-Income Ratio	59.2%	62.0%	2.8%
Capital Adequacy Ratio	16.8%	20.8%	(4.0%)

(1) Starting April 2012, the BSP stopped paying interest on reserves on customer deposits of banks. The June 2013 computation considered the Bank's deposit with the BSP as non-earning. In 2012, it is considered part of earning assets. NIM in June 2012 would have been 7.7% if this was to be calculated on same basis as that of June 2013.

Business Segment Performance

The industry leading net interest margin of the Bank was from the combined efforts of the Consumer Lending, Retail Banking and Corporate Banking business segments. The growth in loans was the main driver in interest income for the first half of 2013. Consumer Lending and Corporate Banking posted double-digit growth y/y, or 45% and 60%, respectively. The increase in corporate loan releases was brought about by the expanded account officer corps which mitigated the effects of thinning spreads in this business segment. The increase in consumer loans was driven by the steady growth in the credit cards and auto loans, plus the notable growth in the rural bank subsidiary's salary loan to public school teachers. The decline in interest expense was due to Retail Banking's efforts, as the branch stores continue to focus on CASA generation and management of cost of deposits. As a result, CASA to total deposit ratio improved to 57%, driven by the 61% y/y growth in low cost funds.

Consumer Lending was led by the contribution of the credit card business as receivables ended at P17.8 billion, which is 26% higher than the same period last year and 11% higher compared to year-end 2012. Credit Cards ramped up its market share in the first half of the year as it now ranks 5th place in terms of total cards receivables from 6th place in the previous period. Auto loans was the second highest contributor for Consumer Lending's bottom line, which reached a total of P13.1 billion in loans, or 33% higher y/y and 14% higher in the first half of 2013. Mortgage loans grew by 54% y/y to P7.0 billion as of June 2013 and 6% vs. year-end 2012. Other consumer loans stood at P6.7 billion or a 204% increase y/y and 74% increase in the first half due to the strong contribution of the Bank's personal loans and the subsidiary rural bank's salary loans. Loans of the rural bank, which largely composed of salary loans to public school teachers, ended at P5.0 billion or P3.8 billion higher than the same period last year as the subsidiary continue to gain traction. The Bank's personal loans business which was launched 2 years ago posted a 156% growth y/y and ended at P1.5 billion from P571 million in the same period last year. On the Corporate Banking side, loan portfolio ended at P37.6 billion as of June 2013, posting a 60% growth y/y and 9% growth compared to year-end 2012 levels, as contributions from the expanded sales force continue to produce results.

Non-interest income came from Treasury business segment which took advantage of the declining rates and favorable market situation and posted hefty trading gains in the first half of 2013. This was complemented by solid growth on transaction fee income from Consumer loans and Branch transaction banking services. Likewise, the Bank accelerated its recovery income on the sale of its written-off cards portfolio that further contributed to consumer banking revenues in the first half of 2013.

On the cost side, the headcount heavy Consumer lending and Retail banking led all business segments in terms of operating expenses. This was largely due to the branch store expansion program and the higher credit costs booked for Consumer loans mainly due to the increase in credit cards receivables.

In summary, the Treasury business contributed the most to the net income of the Bank due to strong trading performance. Consumer lending follow in at close second on account of contributions from credit cards, auto loans and personal/salary loans. Corporate banking came at third, despite the robust increase in loans, due to thin spreads. Retail banking on the other hand is still carrying the cost of the heavy investment for the branch store expansion.

<u>Other Information:</u>

As of June 30, 2013, EW Bank has a total of 269 branches, with 130 of these branch stores in the restricted areas and a total of 162 of these branch stores in all of Metro Manila. For the rest of the country, the Bank has 55 branches in other parts of Luzon, 29 branches in Visayas, and 23 branches in Mindanao. The total ATM network is at 339, composed of 259 on-site ATMs and 80 off-site ATMs. Total headcount of EW Bank is 3,997

The rural bank subsidiaries have a total of 47 branches, 47 ATMs and 449 officers/staff, bringing the group branch store network total to 316 with 386 ATMs and combined manpower of 4,446.

<u>Known trends, demands, commitments, events or uncertainties</u>

There are no known demands, commitments, events or uncertainties that will have a material impact on the Bank's liquidity within the next twelve (12) months.

Events that will trigger direct or contingent financial obligation

There are no events that will trigger direct or contingent financial obligation that is material to the Bank, including any default or acceleration of an obligation.

Material off-balance sheet transactions, arrangements or obligations

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Bank with unsolicited entities or other persons created during the reporting period other than those disclosed in the financial statements.

Capital Expenditures

The Bank has commitments for capital expenditures mainly for bank's branch expansion and implementation of IT projects. Expected sources of funds for the projects will come from the bank's current operating capital.

Significant Elements of Income or Loss

Significant elements of the consolidated net income of the Group for the period ended June 30, 2013 and 2012 came from its continuing operations.

Seasonal Aspects

There are no seasonal aspects that had a material effect on the Bank's financial condition and results of operations.

Vertical and Horizontal Analysis of Material Changes for the Period

The term "material" in this section shall refer to changes or items amounting to five percent (5%) of the relevant accounts or such lower amount, which the Bank deems material on the basis of other factors.

I. Statements of Financial Position – June 30, 2013 vs. December 31, 2012

- Cash and cash equivalents decreased by 30% to P2.3 billion due to the leveling-off of cash in vault from the usual year-end build-up.
- Due from BSP decreased by 16% to P18.3 billion due to maturity of placements with the BSP.
- Due from other banks increased by 232% to P5.4 billion due to increased levels of placements and working balances with counterparty banks.
- Interbank loans receivable and Securities Purchased Under Resale Agreements (SPURA) increased by 246% to P2.0 billion from higher overnight placements with the BSP.
- Financial Assets at Fair Value through Profit and Loss decreased by 12% to P3.8 billion as the Bank realized its trading portfolio at the start of the year and took a more conservative trading stance at the back of volatile market conditions.

- Investment Securities at Amortized Cost decreased by 8% to P8.9 billion due to the maturity and sale of various government securities and private bonds.
- Loans and receivables increased by 13% to P80.7 billion driven by consumer and mid-market corporate loans.
- Property and equipment inched up by 12% to P3.1 billion on account of aggressive branch expansion.
- Deferred income tax increased by 11% to 1.1 billion on account of higher provisioning set-up during the period.
- Deposit liabilities increased by 11% to P101.5 billion. The growth in deposits is largely attributable to the expanded branch store network as reflected in the growth of low cost deposits (CASA) which ended at P58.1 billion from P50.4 billion as of December 31, 2012. Time deposits declined due to lower interest rates, however, the Bank continued the issuance of LTNCD amounting to P3.2 billion in the first half of 2013.
- Bills and acceptance payable decreased by 66% to P1.9 billion from lower volume of interbank as well as BSP borrowings.
- Cashier's Checks and Demand Draft Payable declined by 5% due to lower transaction volumes during the period.
- Accounts payable and accrued expenses increased by 45% due to higher level of accruals on account of aggressive branch expansion.
- Other liabilities jumped by 46% to P4.0 billion. The increase was due to higher balances of bills purchased (with contra-account classified under Loans and Receivables).

II. Statement of Income – June 30, 2013 vs. June 30, 2012

- Interest income increased by 29% to P4.72 billion in the first half of 2013 from P3.67 billion in the same period last year primarily due to an increase in lending activities, largely driven by credit cards, auto loans and corporate loan growth.
- Interest expense decreased by 9% to P823 million due to lower cost of deposits, coming from improving CASA ratio and lower cost of time deposits.
- Service charges, fees and commissions increased 49% to P1.2 billion from P801 million in 2012, resulting from the expansion of business lines, particularly with respect to fees generated by retail banking and consumer lending.
- Trading and securities gains increased by 161% as the Bank took advantage of the favorable market conditions during the start of the year. Foreign exchange gain, however, decreased by 48% due to loss in forward sale transactions during the period.
- Gain on sale of assets decreased by 69% in the first half of 2013 as the Bank was able to dispose its repossessed assets at a lower premium compared to last year.
- Miscellaneous income also increased by 270% to P345 million largely due to the sale of credit cards written-off portfolio.
- Manpower costs continue to rise from P853 million last year to P1.5 billion this year on account of business (branch) expansion program.

- Provision for impairment and credit losses grew by 139% to P1.6 billion. The increase in provisioning is largely for the unsecured segment, particularly for the aggressive growth in credit cards portfolio.
- Taxes and licenses, Rent and Miscellaneous expenses increased by 35%, 56%, and 45%, respectively, on account of business expansion.

Attachment I

East West Banking Corporation and Subsidiaries

Interim Consolidated Financial Statements
As of June 30, 2013 (Unaudited) and December 31, 2012 (Audited)
And for the Six Months Ended June 30, 2013 and 2012 (Unaudited)

EAST WEST BANKING CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM STATEMENTS OF FINANCIAL POSITION
As of June 30, 2013 *(With Comparative Figures for December 31, 2012)*
(Amounts in Thousands of Philippine Peso)

	2013	2012
	(Unaudited)	(Audited)
ASSETS		
Cash and Other Cash Items	**₱2,260,967**	3,235,161
Due from Bangko Sentral ng Pilipinas	**18,330,122**	21,855,275
Due from Other Banks	**5,445,777**	1,637,917
Interbank Loans Receivable and Securities Purchased Under Resale Agreements (IBLR and SPURA)	**2,013,120**	582,648
Financial Assets at Fair Value Through Profit or Loss	**3,769,362**	4,260,325
Financial Assets at Fair Value Through Other Comprehensive Income (FVTOCI)	**10,292**	9,982
Investment Securities at Amortized Cost	**8,852,634**	9,620,505
Loans and Receivables	**80,663,349**	71,192,741
Property and Equipment	**3,068,737**	2,740,689
Investment Properties	**960,767**	937,648
Deferred Tax Assets	**1,083,033**	973,137
Goodwill and Other Intangible Assets	**3,427,619**	3,399,851
Other Assets	**983,245**	957,461
TOTAL ASSETS	**₱130,869,024**	₱ 121,403,340
LIABILITIES AND EQUITY		
LIABILITIES		
Deposit Liabilities		
Demand	**36,779,323**	₱34,129,088
Savings	**21,366,389**	16,238,463
Time	**38,562,388**	39,317,476
Long-term negotiable certificates of deposits	**4,742,407**	1,523,778
	101,450,507	91,208,805
Bills and Acceptances Payable	**1,867,240**	5,571,387
Accrued Taxes, Interest and Other Expenses	**1,384,193**	956,063
Cashier's Checks and Demand Draft Payable	**678,056**	714,398
Subordinated Debt	**2,862,492**	2,863,751
Income Tax Payable	**18,849**	28,113
Other Liabilities	**4,009,120**	2,739,943
TOTAL LIABILITIES	**₱112,270,457**	104,082,460
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY		
Common Stock	**₱11,284,096**	₱11,284,096
Additional Paid-in Capital	**978,721**	978,721
Surplus Reserves	**38,967**	38,967
Surplus	**6,309,954**	5,034,967
Net unrealized Gains on FVTOCI	**1,483**	1,174
Remeasurement Losses on Retirement Plan	**(21,194)**	(14,247)
Cumulative Translation Adjustment	**1,019**	(16,351)
	18,593,046	17,307,327
NON-CONTROLLING INTEREST	**5,521**	13,553
TOTAL EQUITY	**18,598,567**	17,320,880
TOTAL LIABILITIES AND EQUITY	**₱130,869,024**	₱121,403,340

See accompanying Notes to Unaudited Interim Financial Statements.

EAST WEST BANKING CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM STATEMENTS OF INCOME
For the Six Months Ended June 30, 2013 and June 30, 2012
(Amounts in Thousands of Philippine Peso)
See accompanying Notes to Unaudited Interim Financial Statements.

	For the quarter ended June 30, 2013	For the quarter ended June 30, 2012	**For the six months ended June 30, 2013**	For the six months ended June 30, 2012
INTEREST INCOME				
Loans and receivables	**₱2,213,228**	₱1,536,124	**₱4,333,471**	₱3,077,238
Trading and investment securities	**127,337**	254,100	**294,169**	513,801
Due from other banks and interbank loans receivable and securities purchased under resale agreements	**50,443**	25,684	**94,743**	76,480
	2,391,008	1,815,908	**4,722,383**	3,667,519
INTEREST EXPENSE				
Deposit liabilities	**302,083**	323,531	**675,489**	747,566
Subordinated debt, bills payable and other borrowings	**71,880**	50,295	**147,558**	160,629
	373,963	373,826	**823,047**	908,195
NET INTEREST INCOME	**2,017,045**	1,442,082	**3,899,336**	2,759,324
Service charges, fees and commissions	**619,845**	397,766	**1,191,473**	801,366
Trading and securities gain	**446,797**	301,770	**1,494,635**	573,020
Foreign exchange gain	**39,746**	61,621	**69,073**	131,750
Gain on foreclosure and sale of assets	**41,835**	21,672	**46,029**	75,762
Trust income	**8,715**	6,780	**15,985**	12,161
Others	**277,376**	42,917	**345,173**	93,186
TOTAL OPERATING INCOME	**3,451,359**	2,274,608	**7,061,704**	4,446,569
OPERATING EXPENSES				
Compensation and fringe benefits	**750,025**	438,134	**1,475,639**	852,741
Provision for impairment and credit losses	**729,414**	374,347	**1,633,724**	682,427
Taxes and licenses	**221,432**	163,921	**466,814**	344,724
Depreciation and amortization	**172,498**	128,297	**329,747**	254,808
Rent	**143,352**	91,819	**280,508**	180,156
Miscellaneous	**879,650**	562,586	**1,627,411**	1,123,800
TOTAL OPERATING EXPENSES	**2,896,371**	1,759,104	**5,813,843**	3,438,656
INCOME BEFORE INCOME TAX	**554,988**	515,504	**1,247,861**	1,007,913
PROVISION FOR INCOME TAX	**14,335**	65,491	**(27,726)**	97,443
NET INCOME	**₱540,653**	450,013	**1,275,587**	₱910,470
ATTRIBUTABLE TO:				
Equity holders of the Parent Company	**₱541,353**	450,239	**₱1,273,480**	₱911,000
Non-controlling interest	**(700)**	(226)	**2,107**	(530)
NET INCOME	**₱540,653**	₱450,013	**₱1,275,587**	₱910,470
Basic Earnings Per Share Attributable to Equity Holders of the Parent Company			**₱1.13**	₱1.09
Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company *			**—**	₱0.97

See accompanying Notes to Unaudited Interim Financial Statements.

EAST WEST BANKING CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
For the Six Months Ended June 30, 2013 and 2012
(Amounts in Thousands of Philippine Peso)

	For the quarter ended June 30, 2013	For the quarter ended June 30, 2012	**For the six months ended June 30, 2013**	For the six months ended June 30, 2012
NET INCOME FOR THE PERIOD	**₱540,653**	₱450,013	**₱1,275,587**	₱910,470
OTHER COMPREHENSIVE INCOME				
Unrealized loss on financial assets at FVTOCI	**217**	(651)	**309**	973
Remeasurement losses on retirement plan	**—**	—	**(6,947)**	—
Cumulative translation adjustment	**4,121**	(2,390)	**17,370**	782
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	**4,338**	(3,041)	**10,732**	1,755
TOTAL COMPREHENSIVE INCOME	**₱544,991**	₱446,972	**₱1,286,319**	₱912,225
ATTRIBUTABLE TO:				
Equity holders of the Parent Company	**₱545,691**	₱447,198	**₱1,284,212**	₱912,755
Non-controlling interest	**(700)**	(226)	**2,107**	(530)
TOTAL COMPREHENSIVE INCOME	**₱544,991**	₱446,972	**₱1,286,319**	₱912,225

See accompanying Notes to Unaudited Interim Financial Statements.

EAST WEST BANKING CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM STATEMENTS OF CHANGES IN EQUITY
For the Six Months Ended June 30, 2013 and 2012
(Amounts in Thousands of Philippine Peso)

Consolidated

Six Months Ended June 30, 2013 and 2012

	Equity Attributable to Equity Holders of the Parent Company									
	Common Stock	**Additional Paid-in Capital**	**Surplus Reserves**	**Surplus**	**Net Unrealized Gain on Financial Assets at FVTOCI**	**Remeasurement Gains (Losses) on Retirement Plan**	**Cumulative Translation Adjustment**	**Total**	**Non-Controlling Interest**	**Total Equity**
	(Amounts in Thousands)									
Balances at January 1, 2013	**₱11,284,096**	**₱978,721**	**₱38,967**	**₱5,034,967**	**₱1,174**	**(₱14,247)**	**(₱16,351)**	**₱17,307,327**	**₱13,553**	**₱17,320,880**
Total comprehensive income (loss)	**–**	**–**	**–**	**1,275,587**	**309**	**(6,947)**	**17,370**	**1,286,319**	**–**	**1,286,319**
Other equity transactions				**(600)**						**(600)**
Increase in controlling interest in subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(8,032)**	**(8,032)**
Balances at June 30, 2013	**₱11,284,096**	**₱978,721**	**₱38,967**	**₱6,309,954**	**₱1,483**	**(₱21,194)**	**₱1,019**	**₱18,593,046**	**₱5,521**	**₱18,598,567**

	Common Stock	**Preferred Stock**	**Additional Paid-In Capital**	**Surplus Reserves**	**Surplus**	**Net Unrealized Gain (Loss) on Financial Assets at FVTOCI**	**Cumulative Translation Adjustment**	**Total**	**Non-Controlling Interest**	**Total Equity**
Balances at January 1, 2012	₱3,873,528	₱3,000,000	₱–	₱36,183	₱4,305,370	₱299	(₱7,699)	₱11,207,681	₱16,452	₱11,224,133
Total comprehensive income (loss)	–	–		–	910,470	973	782	912,225	–	912,225
Issuance of common stock	4,410,568	–	978,721	–	–	–	–	5,389,289	–	5,389,289
Conversion of preferred stock to common stock	3,000,000	(3,000,000)	–	–	–	–	–	–	–	–
Dividends paid	–	–		–	(1,067,500)	–	–	(1,067,500)	–	(1,067,500)
ncrease in controlling interest in subsidiaries	–	–	–	–	–	–	–	–	(1,715)	(1,715)
Balances at June 30, 2012	₱11,284,096	₱–	₱978,721	₱36,183	₱4,148,340	₱1,272	(₱6.917)	₱16,441,695	₱14,737	₱16,456,432

EAST WEST BANKING CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 2013 and 2012
(Amounts in Thousands of Philippine Peso)

	For the period ended June 30	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱1,247,861**	₱1,007,914
Adjustments for:		
Provision for impairment and credit losses	**1,633,724**	682,427
Depreciation and amortization	**329,747**	254,808
Gain on asset foreclosure and sale	**(46,029)**	—
Changes in operating assets and liabilities:		
Decrease (increase) in the amounts of:		
Financial assets at fair value through profit or loss	**490,963**	3,249,805
Loans and receivables	**(11,096,474)**	(8,447,918)
Other assets	**(80,102)**	(524,045)
Increase (decrease) in the amounts of:		
Deposit liabilities	**10,241,702**	(9,172,477)
Accrued taxes, interest and other expenses	**348,697**	(83,794)
Cashier's checks and demand draft payable	**(36,342)**	218,424
Other liabilities	**1,286,547**	1,034,773
Income taxes paid	**(20,207)**	(112,679)
Net cash from (used in) operating activities	**4,300,086**	(11,892,762)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of:		
Investment properties and other repossessed assets	—	58,587
Investment securities at amortized cost	**767,871**	2,671,909
Acquisitions of:		
Investment securities at amortized cost	—	(2,192,614)
Property and equipment	**(544,222)**	(156,132)
Other intangible assets	**(71,971)**	(438,666)
Net cash from (used in) investing activities	**151,678**	(56,916)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in bills and acceptances payable	**(3,704,147)**	(89,617)
Payments of dividends	—	(1,067,500)
Acquisition of non-controlling interest	**(8,032)**	—
Issuance of common stock	—	5,389,411
Other equity transactions	**(600)**	—
Net cash provided by financing activities	**3,712,779**	4,232,294
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(738,985)**	(7,717,384)

(Forward)

	For the period ended June 30	
	2013	2012
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		
Cash and other cash items	**₱3,235,161**	₱2,243,104
Due from Bangko Sentral ng Pilipinas	**21,855,275**	11,315,202
Due from other banks	**1,637,917**	1,739,088
Interbank loans receivable and securities purchased under resale agreements	**582,648**	7,723,094
	₱27,311,001	23,020,488
CASH AND CASH EQUIVALENTS AT END OF YEAR		
Cash and other cash items	**₱2,260,967**	₱1,782,235
Due from Bangko Sentral ng Pilipinas	**18,330,122**	10,936,692
Due from other banks	**5,445,777**	1,376,041
Interbank loans receivable and securities purchased under resale agreements	**2,013,120**	1,208,136
	₱28,049,986	₱15,303,104

See accompanying Notes to Unaudited Interim Financial Statements.

1. **Corporate Information**

East West Banking Corporation (the Parent Company) was granted authority by the Bangko Sentral ng Pilipinas (BSP) to operate as a commercial bank under Monetary Board (MB) Resolution No. 101 dated July 6, 1994, and commenced operations on July 8, 1994. The Parent Company was also granted authority by the BSP to operate an expanded foreign currency deposit unit under MB Resolution No. 832 dated August 31, 1994. On July 31, 2012, the Bank received the approval of the BSP to operate as a universal bank. As of June 30, 2013, the Parent Company is effectively 75% owned by Filinvest Development Corporation (FDC). The Parent Company's ultimate parent company is A.L. Gotianun, Inc.

The Parent Company is a domestic corporation registered with the Securities and Exchange Commission (SEC) on March 22, 1994. In 2012, the Parent Company conducted an initial public offering (IPO) of its 283,113,600 common shares. The Parent Company's common shares were listed and commenced trading in the Philippine Stock Exchange (PSE) on May 7, 2012. Its principal place of business is at The Beaufort, 5th Avenue corner 23rd Street, Fort Bonifacio Global City, Taguig City.

The Parent Company provides a wide range of financial services to consumer and corporate clients. The Parent Company's principal banking products and services include deposit-taking, loan and trade finance, treasury, trust services, credit cards, cash management and custodial services.

Both GBI and FRBI (the Subsidiaries) were consolidated with the Parent Company from the time the latter gained control. As of June 30, 2013, the Parent Company controls 97.12% and 100% of GBI and FRBI, respectively.

2. **Summary of Significant Accounting Policies**

<u>Basis of Presentation</u>
The accompanying condensed consolidated interim financial statements have been prepared in accordance with Philippine Accounting Standards (PAS) 34 *Interim Financial Reporting*. Accordingly, the condensed consolidated interim financial statements do not include all of the information and disclosures required in the annual audited financial statements and should be read in conjunction with the Groups' annual audited financial statements as at December 31, 2012 which have been prepared in accordance with Philippine Financial Reporting Standards. The accompanying financial statements have been prepared on a historical cost basis except for financial assets at fair value through profit or loss (FVTPL), financial assets at fair value through other comprehensive income (FVTOCI), and derivative financial instruments that have been measured at fair value.

The financial statements are presented in Philippine peso and all values are rounded to the nearest thousand except when otherwise indicated.

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of the subsidiaries is the Philippine peso.

Statement of Compliance
The accompanying consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Presentation of Financial Statements
The Group presents its statement of financial position broadly in order of liquidity.

Basis of Consolidation
The subsidiaries are fully consolidated from the date of acquisition, being the date on which the Parent Company obtains control and continue to be consolidated until the date when the control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company using consistent accounting policies.

All significant intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

Non-Controlling Interest
Non-controlling interest represents the portion of profit or loss and net assets not owned, directly or indirectly, by the Parent Company.

Non-controlling interests are presented separately in the consolidated statement of income, consolidated statement of comprehensive income, and within equity in the consolidated statement of financial position, separately from parent shareholder’s equity. Any losses applicable to the non-controlling interests are allocated against the interests of the non-controlling interest even if this results in the non-controlling interest having a deficit balance. Acquisitions of non-controlling interests that does not result in a loss of control are accounted for as equity transaction, whereby the difference between the consideration and the fair value of the share of net assets acquired is recognized as an equity transaction and attributed to the owners of the Parent Company.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the audited annual consolidated financial statements as of and for the year ended December 31, 2012.

In addition, the following standards effective January 1, 2013 *(as allowed by SEC Memorandum No. 6-2013)* onwards were assessed to either be applicable or not applicable to the Group. The Group is currently evaluating the impact of each of the standards below based on its audited figures as of December 31, 2012.

PAS 19, *Employee Benefits* (Revised)

The Group early adopted this standard in its financial statements as of and for the year ended December 31, 2012.

PAS 27, *Separate Financial Statements* (as revised in 2011)

As a consequence of the new PFRS 10, *Consolidated Financial Statements* and PFRS 12, *Disclosure of Interests in Other Entities*, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. This standard will have no material impact on the Group's financial position and performance upon its adoption.

PAS 28, *Investments in Associates and Joint Ventures* (as revised in 2011)

As a consequence of the new PFRS 11, *Joint Arrangements* and PFRS 12, PAS 28 has been renamed PAS 28, *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates. This standard is not applicable to the Group.

PFRS 1 – *Government Loans* - Amendments to PFRS 1

These amendments require first-time adopters to apply the requirements of PAS 20 prospectively to government loans existing at the date of transition to PFRS. However, entities may choose to apply the requirements of PFRS 9 (or PAS 39, as applicable) and PAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for those loans. The exception will give first-time adopters relief from retrospective measurement of government loans with a below-market rate of interest. As a result of not applying PFRS 9 (or IAS 39, as applicable) and PAS 20 retrospectively, first-time adopters will not have to recognize the corresponding benefit of a below-market rate government loan as a government grant. This standard is not applicable to the Group.

Amendments to PFRS 7, *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*

These amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information.

This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:

a. The gross amounts of those recognized financial assets and recognized financial liabilities;
b. The amounts that are set off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
c. The net amounts presented in the statement of financial position;
d. The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
    i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
    ii. Amounts related to financial collateral (including cash collateral); and
e. The net amount after deducting the amounts in (d) from the amounts in (c) above.

The amendment affects disclosures only and has no impact on the Group's financial position or performance.

PFRS 10, *Consolidated Financial Statements*
PFRS 10 replaces the portion of PAS 27, *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12, *Consolidation - Special Purpose Entities*. PFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by PFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27. The adoption of the standard is not expected to have a material impact on the financial position or performance of the Group.

PFRS 11, *Joint Arrangements*
PFRS 11 replaces PAS 31, *Interests in Joint Ventures* and SIC-13, *Jointly-controlled Entities - Non-monetary Contributions by Venturers*. PFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. This standard is not applicable to the Group.

PFRS 12, *Disclosure of Interests in Other Entities*
PFRS 12 includes all of the disclosures that were previously in PAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in PAS 31 and PAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. The adoption of the standard has no material impact on the financial position or performance of the Group.

PFRS 13, *Fair Value Measurement*
PFRS 13 establishes a single source of guidance under PFRS for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted. Adoption of the standard is not expected to have a material impact on the financial position or performance of the Group.

3. **Significant Accounting Judgments and Estimates**

The preparation of the financial statements in compliance with PFRS requires the Group to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the financial statements as these become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4. **Financial Risk Management**

The risk exposure of the Parent Company and its subsidiaries in market, interest rate, credit, and liquidity remain contained within its risk limit and adequately covered by its available capital.

Specifically, notable risk exposures, where most emanate from the Parent Company, as of the end of second quarter of 2013 in the following areas are summarized below.

- Market risk: At less than PhP120 million value-at-risk on the Parent Company's trading book for potential adverse movements in interest rate, foreign exchange rate, and equity prices.

- Interest rate risk: On the Parent Company's banking book, maximum potential loss impact from adverse movement in interest rate is approximated to not exceed 4% and 11% of the full year 2013 net interest income and net income, respectively.

- Credit risk: Potential risk is well within regulatory capital as gleaned from the following indicators.
    - Credit quality of portfolio remains at a composite rating of 'Satisfactory' for its corporate portfolio, 'Standard' grade for most of its secured consumer portfolio, 'Substandard' grade for most of its unsecured consumer portfolio, and its investment portfolio at 'BB' composite rating.
    - Loan portfolio security profile is around 37% secured given the significant proportion of consumer lending business. For the portfolio of products that normally require collateral, the Bank remains healthy at 50% secured.
    - No credit concentration in size, borrower, and industry as defined by BSP and internal risk policies.

- Liquidity risk: There is no imminent liquidity risk as the Parent Company remains to be generally liquid with sufficient sources of funding as and when the need arises.

Capital level, on the other hand, stands at around PhP18 billion, more than enough to cover for the above approximated exposures.

Thus, the Group's risk management policies remain generally the same as in 2012. The Group's 2012 audited financial statements discuss in detail its risk exposures and its related policies.

Thus, the Group's risk management policies remain generally the same as in 2012. The Group's 2012 audited financial statements discuss in detail its risk exposures and its related policies.

5. **Fair Value Measurement**

The table in the next page presents a comparison by category of carrying amounts and estimated fair values of all of the Group's financial instruments as of June 30, 2013 and December 31, 2012.

	June 30, 2013		**December 31, 2012**	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial assets				
Cash and other cash items	**₱2,260,967**	**₱2,260,967**	3,325,161	3,325,161
Due from BSP	**18,330,122**	**18,330,122**	21,855,275	21,855,275
Due from other banks	**5,445,777**	**5,445,777**	1,637,917	1,637,917
IBLR and SPURA	**2,013,120**	**2,013,120**	582,648	582,648
Loans and receivables	**80,663,349**	**85,077,658**	71,192,741	74,917,029
Financial assets at FVTPL	**3,769,362**	**3,769,362**	4,260,325	4,260,325
Financial assets at FVOCI	**10,292**	**10,292**	9,982	9,982
Investment securities at amortized cost	**8,852,634**	**9,243,220**	9,620,505	10,749,769
	₱121,345,623	**₱126,150,518**	₱112,394,554	₱ 117,248,106
Financial liabilities				
Deposit liabilities	**₱101,540,507**	**₱102,376,090**	₱91,208,805	₱91,633,830
Bills and acceptances payable	**1,867,240**	**1,867,240**	5,571,387	5,571,387
Accrued Taxes, Interest and Other Expenses	**1,384,193**	**1,384,193**	925,153	925,153
Cashier's Checks and Demand Draft Payable	**678,056**	**678,056**	714,398	714,398
Subordinated Debt	**2,862,492**	**3,943,512**	2,863,751	3,550,031
Other liabilities	**3,122,161**	**3,122,161**	923,373	923,373
	₱111,454,649	**₱113,371,253**	₱102,206,867	₱103,318,172

The methods and assumptions used by the Group in estimating the fair value of the financial instruments are:

Cash and other cash items, due from other banks, IBLR, SPURA – The carrying amounts approximate fair values due to the short-term nature of these accounts. These accounts consist mostly of overnight deposits and floating rate placements.

Loans and receivables– Fair values of loans and receivables are estimated using the discounted cash flow methodology, using the Bank's current incremental lending rates for similar types of loans and receivables.

Debt securities– Fair values are generally based upon quoted market prices. If the market prices are not readily available, fair values are estimated using either values obtained from independent parties offering pricing services or adjusted quoted market prices of comparable investments or using the discounted cash flow methodology.

Derivative instruments – Fair values of derivative instruments, mainly forward foreign exchange contracts, are valued using a valuation technique with market observable inputs. The most frequently applied valuation technique is forward pricing, which uses present value calculations. The model incorporates various inputs including the foreign exchange rates and interest rate curves prevailing at the statement of financial position date.

Liabilities– The fair values of liabilities approximate their carrying amounts due to either the demand nature or the relatively short-term maturities of these liabilities.

Fair Value Hierarchy

The Group uses the following hierarchy for determining the fair value of financial instruments which is consistent with the methodology applied by the Group on its December 31, 2012 audited financial statements.

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques that use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows the analysis of financial instruments of the Group recorded at fair value by level of the fair value hierarchy:

	June 30, 2013		
	Level 1	**Level 2**	**Level 3**
Financial assets at FVTPL	**₱3,769,362**	**₱–**	**₱–**
Financial assets at FVTOCI	**10,292**	**–**	**–**
Derivative assets	**–**	**27,886**	**–**

	December 31, 2012		
	Level 1	Level 2	Level 3
Financial assets at FVTPL	₱4,260,325	₱–	₱–
Financial assets at FVTOCI	6,735	–	–
Derivative assets	–	(56,638)	–

The fair value for financial instruments traded in active markets at the statement of financial position date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and ask prices are not available, the price of the most recent transaction is used since it provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models, and other relevant valuation models.

During the periods ended June 30, 2013 and December 31, 2012, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

The provision under *PAS 39, Financial Instruments*: *Recognition and Measurement,* on the criteria used to determine whether the market of a financial instrument is active or inactive, is not a required disclosure for the Bank.

6. **Segment Reporting**

The Group's main operating businesses are organized and managed primarily, according to the current organizational structure. Each segment represents a strategic business unit that caters to the bank's identified markets. The Group's business segments are:

(a) **Retail Banking** – this segment mainly covers traditional branch (store) banking products and services such as deposits, back-to-back loans, emerging market (SME) loans and other OTC (over-the-counter) transactions. It likewise caters to the needs of high net-worth clients for alternative investment channels. It includes entire transaction processing, service delivery and infrastructure consisting of the Group's network of branches, automated teller machines (ATMs) as well as its internet banking platform.

(b) **Corporate Banking** – this segment handles lending and trade financing for both large and middle market corporate clients.

(c) **Consumer Lending** – this segment primarily caters to loans for individuals that include credit cards, auto, residential mortgage, personal and salary loans.

(d) **Treasury and Trust** – this segment consists of Treasury and Trust operations of the Group. Treasury focuses on providing money market, trading and treasury services, as well as the management of the Group's funding operations through debt securities, placements and acceptances with other banks. Trust includes fund management, investment management services, custodianship, administration and collateral agency services, and stock and transfer agency services. In addition, the Parent Company through Trust, provides retail customers with alternative investment opportunities through its unit investment fund products.

(e) **Executive and Elimination Items** – this segment includes the Group’s executive offices and elimination items related to the Group’s segment reporting framework.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment assets are those operating assets employed by a segment in its operating activities and are either directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment liabilities are those operating liabilities that result from the operating activities of a segment and are either directly attributable to the segment or can be allocated to the segment on a reasonable basis. Interest income is reported net, as management primarily relies on the net interest income as performance measure, not the gross income and expense.

The Group’s revenue-producing assets are located in the Philippines (i.e., one geographical location); therefore, geographical segment information is no longer presented. The Group has no significant customers which contribute 10.00% or more of the consolidated revenue, net of interest expense.

The segment results include internal transfer pricing adjustments across business units as deemed appropriate by management. Transactions between segments are conducted at estimated market rates on an arm’s length basis. Interest is charged / credited to the business units based on a pool rate which approximates the marginal cost of funds.

Non-interest income consists of service charges, fees and commissions, gain (loss) on sale of assets, gain on asset foreclosure and *dacion* transactions, fixed income securities trading gain (loss), foreign exchange gain (loss), trust income and miscellaneous income.

Non-interest expense consists of compensation and fringe benefits, taxes and licenses, depreciation and amortization, rent, amortization of intangible assets, provision for impairment and credit losses, and other expenses.

Segment information of the Group as of and for the six months ended June 30, 2013 follow (in millions):

	Retail Banking	Corporate Banking	Consumer Banking	Treasury & Trust	Executive & Elimination Items	Total Bankwide
Statement of Income						
Net Interest Income						
Third Party	998	261	2,502	(9)	147	3,899
Intersegment	23	186	-	-	(209)	-
	1,021	447	2,502	(9)	(62)	3,899
Noninterest Income	440	34	1,118	1,429	141	3,162
Revenue - Net of Interest Expense	1,461	481	3,620	1,420	79	7,061
Noninterest Expense	(1,674)	(468)	(2,418)	(175)	(1,078)	(5,813)
Income Before Income Tax	(213)	13	1,202	1,245	(999)	1,248
Provision for Income Tax	-	-	-	-	28	28
Net Income for the Period	(213)	13	1,202	1,245	(971)	1,276
Statement of Financial Position						
Total Assets	22,093	38,741	44,977	15,232	9,825	130,869
Total Liabilities	102,746	19,140	1,371	7,888	(18,874)	112,270
Other Segment Information						
Depreciation and Amortization	200	15	92	10	12	330
Provision for Credit and Impairment Losses	5	257	975	3	393	1,634

Segment information of the Group as of and for the six months ended June 30, 2012 follow (in millions):

	Retail Banking	Corporate Banking	Consumer Banking	Treasury & Trust	Executive & Elimination Items	Total Bankwide
Statement of Income						
Net Interest Income						
Third Party	776	130	1,685	29	139	2,759
Intersegment	13	135	-	-	(148)	-
	789	265	1,685	29	(9)	2,759
Noninterest Income	301	21	724	630	11	1,687
Revenue - Net of Interest Expense	1,089	286	2,409	660	2	4,447
Noninterest Expense	(1,219)	(140)	(1,978)	(121)	20	(3,439)
Income Before Income Tax	(130)	146	431	538	22	1,008
Provision for Income Tax	(8)	(10)	112	(12)	(180)	(97)
Net Income for the Period	(138)	136	543	526	(157)	910
Statement of Financial Position						
Total Assets	15,925	24,865	29,841	6,584	15,888	93,103
Total Liabilities	71,098	15,120	1,399	3,822	(14,793)	76,647
Other Segment Information						
Depreciation and Amortization	151	9	67	13	14	255
Provision for Credit and Impairment Losses	-	(27)	814	-	(105)	682

7. **Business Combination**

On January 26, 2012, the Board of Directors of the Parent Company approved the acquisition of the outstanding shares of FRBI offering deposit-taking, rural credit, and consumer lending services to the public. On July 11, 2012, the Parent Company obtained control of FRBI through the purchase of 83.17% of the outstanding capital stock of FRBI for ₱34.10 million. The Parent Company has elected to measure the non-controlling interest in the acquiree at fair value.

On January 23, 2013, the Parent Company gained 100% control of FRBI. The BSP also approved the change of corporate name of the latter to East West Rural Bank, Inc. on June 19, 2013.

8. **Trading and Investment Securities**

As of June 30, 2013, the Group's investment in foreign currency denominated debt securities totaled P9,561.7 million while investment in foreign currency denominated equity securities amounted to P22.9 million.

Of the P million debt securities, P935.9 million are classified under FVTPL, while the rest are investment securities at amortized cost.

Trading gains on trading and investment securities during the periods ended June 30, 2013 and 2012 amounted to P1,494.6 million and P million, respectively.

The Bank has no significant derivative instruments which may impact its financial condition as of June 30, 2013 and December 31, 2012.

9. **Goodwill and Other Intangible Assets**

The Monetary Board (MB) of the BSP, in its MB Resolution No. 1727 dated November 17, 2011, granted the Parent Company 75 branch licenses applied for by the latter in restricted areas. The grant was made in accordance with Phase I of BSP Circular No. 728, issued by the BSP on June 23, 2011 which implemented the phased lifting of branching restriction in the eight restricted areas in Metro Manila. Under Phase I of the liberalization, private domestically incorporated universal and commercial banks were given a time-bound window until June 30, 2014 to apply for and establish branches in the said restricted areas.

The licensing and processing fees were capitalized as branch licenses and classified under Goodwill and Other Intangible Assets in the Group's statement of financial position.

10. **Issuance of Long-Term Negotiable Certificates of Deposits**

The Parent Company issued six tranches of long-term negotiable certificates of deposits (LTNCDs) during the first and second quarter of 2013. Total issued LTNCDs amounted to P3, 115 million. The certificates of deposit bear an annual interest rate of 5% payable quarterly and will mature in 2018.

11. **Equity Transactions**

As of June 30, 2013 and December 31, 2012, the Parent Company's capital stock consists of:

	2013	2012
Common stock - ₱10.00 par value		
Authorized – 1,500,000,000 shares		
Issued and outstanding –		
1,128,409,610 shares	**11,284,096**	11,284,096
	₱11,284,096	₱11,284,096

On January 19, 2012 and February 10, 2012, the Parent Company received cash from its shareholders totaling ₱3.00 billion as deposits for future stock subscription for 300 million common shares which were subsequently issued in March 2012. Also in the same period, the preferred shareholders converted all preferred shares totaling 300 million preferred shares amounting to₱3.00 billion to 300 million common shares.

With the approvals by the PSE of the Parent Company's application for listing and by the SEC for the Registration Statement both on March 14, 2012, a total of 245,316,200 common shares, with ₱10.00 par value per share, representing 21.70% of outstanding capital stock, were offered and subscribed through an initial public offering at ₱18.50 per share on April 20 to 26, 2012. The common shares comprise of (a) 141,056,800 new shares issued by the Parent Company by way of a primary offer, and (b) 104,259,400 existing shares offered by FDC, the selling shareholder, pursuant to a secondary offer. Subsequently, on September 5, 2012, 36,715,300 shares under the over-allotment option were exercised at a price of ₱18.50 per share that brought the subscriptions to 25.00% of the outstanding capital stock. The Parent Company's common shares were listed and commenced trading in the PSE on May 7, 2012.

The total proceeds raised by the Parent Company from the sale of primary offer shares amounted to ₱2.61 billion while the net proceeds (after deduction of direct costs related to equity issuance) amounted to ₱2.39 billion.

No cash dividends were declared for the period ended June 30, 2013.

12. **Related Party Transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Group's related parties include:

- key management personnel, close family members of key management personnel and entities which are controlled, significantly influenced by or for which significant voting power is held by key management personnel or their close family members,
- subsidiaries, joint ventures and associates and their respective subsidiaries, and
- post-employment benefit plans for the benefit of the Group's employees.

The Group has several business relationships with related parties. Transactions with such parties are made in the ordinary course of business and on substantially same terms, including interest and collateral, as those prevailing at the time for comparable transactions with other parties. These transactions also did not involve more than the normal risk of collectability or present other unfavorable conditions.

The amounts and the balances arising from the foregoing significant related party transactions of the Group and the Parent Company are as follows as of June 30, 2013:

	June 30, 2013		
Category	**Amount/Volume**	**Outstanding Balance**	**Terms and Conditions/ Nature**
Significant investors:			
Loans receivable	**₱–**	**₱999,120**	Loans granted with terms of one year, interest ranging from 2.38% to 4.50%, and with 70.00% of the loans fully secured by real estate and chattel mortgage.
Deposit liabilities	**8,666,719**		Deposit liabilities with interest ranging from .05% to 3.5%
Accrued interest receivable	–	**19,349**	Interest income accrued on outstanding loans.
Accrued expenses	–	**7,599**	Payable for management and professional fees paid by FDC (reimbursement for expenses).
Guarantees and commitments	–	**2,499,791**	Unused credit lines.
Derivative liabilities	–	**12,312**	Fair value of the foreign exchange forward contracts with FDC.
Interest income	**4,144**		Interest income on loans.
Interest expense	**17,828**		Interest expense on deposit liabilities.

Category	June 30, 2013 Amount/Volume	Outstanding Balance	Terms and Conditions/ Nature
Key management personnel:			
Loans receivable	**₱–**	**₱23,367**	Loans granted with terms ranging from five to fifteen years and interest ranging from 7.00% to 10.20%.
Accrued interest receivable		**70**	
Deposit liabilities	**93,855**		Deposit liabilities with interest ranging from 0.5% to 3.75% in 2013.
Interest income	**1,276**	–	Interest income on loans.
Interest expense	**328**	–	Interest expense on deposit liabilities.
Other related parties:			
Loans receivable	–	**603,184**	Loans granted with terms ranging from three months to five years, interest ranging from 4.50% to 11.52%, fully secured by real estate and chattel mortgage.
Deposit liabilities	**653,113**		Deposit liabilities with interest ranging from 0.50% to 6.25%.
Accrued interest receivable	–	**1,741**	Interest income accrued on outstanding loans.
Guarantees and commitments	–	**22,850,000**	Unused credit lines.
Interest income	**11,438**	–	Interest income on loans.
Interest expense	**1,844**	–	Interest expense on deposit liabilities.
Service fee expense	**1,364**	–	Service fees paid to FLI for account servicing equivalent to 1.12% of loan amounts collected by FLI in behalf of the Parent Company related to the Parent Company's purchase of installment contract receivables.
Rent expense	**6,319**	–	Rent expenses paid for lease transactions with other related parties such as Filinvest Asia Corporation, Filinvest Alabang, Inc. and Filinvest Land, Inc. (FLI)

The amounts and the balances arising from the foregoing significant related party transactions of the Group and the Parent Company are as follows as of December 31, 2012:

Category	Amount/Volume	Outstanding Balance	Terms and Conditions/ Nature
Significant investors:			
Loans receivable	₱–	₱958,055	Loans granted with terms of one year, interest ranging from 2.38% to 4.50%, and with 70.00% of the loans fully secured by real estate and chattel mortgage.
Deposit liabilities	–	600,808	Deposit liabilities with interest ranging from 1.24% to 3.50%.
Accrued interest receivable	–	8,655	Interest income accrued on outstanding loans.
Accrued expenses	–	5,558	Payable for management and professional fees paid by FDC (reimbursement for expenses).
Guarantees and commitments	–	4,284,055	Unused credit lines.
Derivative assets	–	28,102	Fair value of the foreign exchange forward contracts with FDC.
Interest income	28,566	–	Interest income on loans.
Interest expense	8,418	–	Interest expense on deposit liabilities.
Deposit liabilities	–	515,923	Deposit liabilities with interest ranging from 1.24% to 3.50% in 2012.
Interest income	2,755	–	Interest income on loans.
Interest expense	325	–	Interest expense on deposit liabilities.
Other related parties:			
Loans receivable	–	501,581	Loans granted with terms ranging from three months to five years, interest ranging from 4.50% to 11.52%, fully secured by real estate and chattel mortgage.
Deposit liabilities	–	1,228,756	Deposit liabilities with interest ranging from 1.24% to 3.50%.
Accrued interest receivable	–	389	Interest income accrued on outstanding loans.
Guarantees and commitments	–	9,900,000	Unused credit lines.
Accounts receivables	–	9,050	Accounts receivables for certain advances that are non-interest bearing and payable on demand.

Category	Amount/Volume	Outstanding Balance	Terms and Conditions/ Nature
Interest income	581	–	Interest income on loans.
Interest expense	1,388	–	Interest expense on deposit liabilities.
Service fee expense	1,635	–	Service fees paid to FLI for account servicing equivalent to 1.12% of loan amounts collected by FLI in behalf of the Parent Company related to the Parent Company's purchase of installment contract receivables.
Service charges, fees and commissions	1,034	–	Commissions received by the Parent Company for its services as a selling agent of FLI's bonds issued in 2012.
Rent expense	39,652	–	Rent expenses paid for lease transactions with other related parties such as Filinvest Asia Corporation, Filinvest Alabang, Inc. and FLI.
Gain on sale of assets	232	–	Gain on sale of investment property to Filinvest Alabang, Inc.

The Group's significant investors pertain to FDC, immediate Parent Company of the Group and FDC Forex Corporation (a company under common control of FDC).

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The Group considers the members of the Management Committee to constitute key management personnel for purposes of PAS 24. The Group provides banking services to its key management personnel.

Other related parties pertain to the Group's affiliates (subsidiaries of FDC).

The Group and Parent Company had no outright purchases and outright sale of debt securities with its significant shareholders, key management personnel and other related parties in 2013 and 2012.

No provision and allowance for loan losses was recognized by the Group for loans to its significant investors, key management personnel and other related parties both in 2013 and 2012.

The Parent Company's subsidiaries have no transactions with related parties outside of the Group. The transactions disclosed above are the same for the Group and the Parent Company.

In addition to the transactions discussed above, the following are the transactions between the Parent Company and its subsidiaries that are recognized in the Parent Company's statement of financial position and statement of income and eliminated in the consolidated financial statements:

	June 30, 2013		
Category	Amount/Volume	Outstanding Balance	Terms and Conditions/ Nature
Subsidiaries:			
Deposit liabilities	**₱–**	**₱432,615**	Deposit liabilities with interest from 0.00% to 2.50%.
Other receivables	**–**	**700,000**	Additional investments in GBI presented as deposits for future stock subscription in the subsidiaries' financial statements.
Interest income	**--**	–	Interest income on outstanding loans.
Interest expense	**3,397**	–	Interest expense on deposit liabilities.

Category	December 31, 2012		
	Amount/Volume	Outstanding Balance	Terms and Conditions/ Nature
Subsidiaries:			
Deposit liabilities	₱–	₱353,960	Deposit liabilities with interest from 0.00% to 2.50%.
Other receivables	–	820,000	Additional investments in GBI and FRBI amounting to ₱700.00 million and ₱120.00 million, respectively, presented as deposits for future stock subscription in the subsidiaries' financial statements
Interest income	69,696	–	Interest income on outstanding loans.
Interest expense	588	–	Interest expense on deposit liabilities.

13. **Commitments and Contingent Liabilities**

In the normal course of operations of the Group, there are various outstanding commitments and contingent liabilities which are not reflected in the accompanying interim financial statements. The Group does not anticipate material unreserved losses as a result of these transactions.

The Group has several loan related suits and claims that remain unsettled. It is not practicable to estimate the potential impact of these contingencies. However, based on management's opinion, the suits and claims, if decided adversely, will not involve sums having a material impact on the Group's interim financial statements.

14. **Financial Performance**

Earnings per share amounts were computed as follows:

		June 30, 2013	June 30, 2012
a.	Net income attributable to equity holders of the Parent Company	**₱1,273,478**	₱911,000
b.	Dividends declared on preferred shares	–	–
c.	Net income attributable to common shareholders of the Parent Company	**1,273,478**	911,000
d.	Weighted average number of outstanding common shares	**1,128,410**	834,372
e.	Weighted average number of convertible preferred shares	–	100,000
f.	Basic EPS (c/d)	**₱1.13**	₱1.09
g.	Diluted EPS [c/(d+e)]*	–	₱0.97

**The Bank has no potentially dilutive shares in 2013.*

ATTACHMENT 2

PAST DUE LOANS AND OTHER RECEIVABLES
JUNE 30, 2013
(*Amounts in thousands of Philippine Peso)*

Particulars	Total	1-90 days	91-180 days	181-360 days	>360 days
Past Due Loans & other receivables	11,166,933	5,155,260	656,707	469,859	4,885,107
Allowance for credit losses	(4,636,839)				
Total	6,530,094				

ATTACHMENT 3

CONSOLIDATED FINANCIAL RATIOS
(As Required by SRC Rule)
June 30, 2013

	June 30, 2013	June 30, 2012
Current ratio (1)	81.0%	78.5%
Solvency ratio (2)	1.2	1.2
Debt-to-equity (3)	6.0	4.7
Asset-to-equity (4)	7.0	5.7
Interest rate coverage ratio (5)	251.6%	211.1%
Return on Equity (6)	14.2%	13.1%
Return on Assets (7)	2.1%	2.0%
Net Interest Margin (8) (9)	8.2%	6.8%
Cost- to- Income Ratio (10)	59.2%	62.0%

Notes:

(1) Current assets divided by current liabilities

(2) Total assets divided by total liabilities

(3) Total liabilities divided by total equity

(4)Total assets divided by total equity

(5)Income before interest and taxes divided by interest expense

(6)Net income divided by average total equity for the periods indicated.

(7) Net income divided by average total assets for the periods indicated.

(8) Net interest income divided by average interest-earning assets (incl. interbank loans, trading and investment securities and loans).

(9) Starting April 2012, the BSP stopped paying interest on reserves on customer deposits of banks. The June 2013 computation considered the Bank's deposit with the BSP as non-earning. In 2012, it is considered part of earning assets. NIM in June 2012 would have been 7.7% if this was to be calculated on same basis as that of June 2013.

(10) Other expenses (excl. provision for impairment and credit losses) divided by net interest and other income for the periods indicated.

ATTACHMENT 4

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING
June 30, 2013

As disclosed in the Bank's prospectus, gross and net proceeds were estimated at Php2.61 billion and Php2.33 billion, respectively.

The Bank received actual gross proceeds amounting to Php2.61 billion from the primary offering of 141,056,800 shares on May 7, 2012, and incurred Php230.96 million IPO-related expenses, resulting to actual net proceeds of P2.38 billion.

The net proceeds have been fully disbursed as of December 31, 2012. The application of the actual net proceeds are broken down as follows:

Use of Proceeds	**Amount in Pesos**
Payment of Branch Licenses	P822.0 million
Branch Expansion	764.2 million
Information Technology Infrastructure	316.7 million
General Corporate Purposes	475.7 million
Total	**P2,378.6 million**

Please note that General Corporate Purposes pertain to the funding of various EW's assets, particularly Loans to Customers.