

PRESS RELEASE

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EastWest net income at ₱3.2 Billion, ROE at 11%

Gotianun-led EastWest Bank (EW) posted a net income of ₱3.2 billion in the first nine months of 2018. This translated to a return on equity of 10.7% and return on assets of 1.4%, still among the highest returns in the industry.

Income was 13% lower due to several one-off items and lower income contribution from its wholly-owned subsidiary, EastWest Rural Bank (EWRB). In late-June 2018, EWRB resumed its lending program to public school teachers, after it was suspended in November 2017. One-off expenses related to its increase in capital stock and lower trading revenues contributed to the decline. On the other hand, its core recurring operating revenues increased by 8% or ₱1.3 billion, EW disclosed in a statement.

“We are comfortable where we are now. In spite of the harder environment of higher inflation and interest rates and our own specific challenges, we continue to improve our operating efficiencies. We are positive that we can sustain productivity improvement moving forward”, Bobby Reyes, EW President and Deputy CEO said.

EW’s Net Interest Income increased by 6% to ₱14.5 billion in spite of lower EWRB contribution and higher deposit costs, driven by the increase in its consumer lending businesses. Excluding teachers’ loans which declined, its consumer portfolio of Credit Cards, Auto, Home and Personal Loans were up 14%. Its commercial lending business increased by 6%. The increase in consumer loans allowed the Bank to minimize the impact of lower margins as deposit interest rates rose faster and higher than loan rates.

Fees and commissions were 16% lower at ₱3.4 billion, again due to the lower contribution from its rural bank subsidiary. Trading income on the other hand was higher by 33% ending at ₱444.8 million, driven by foreign exchange trading gains.

Operating expenses increased by 13% to ₱11.1 billion, primarily due to the impact of its advertising campaign, investments in training and higher transaction taxes and licenses.

Total Assets stood at ₱337.2 billion as of September 30, 2018, 7% higher from the previous year. EW remains to be the most consumer-focused universal bank. Consumer loans accounted for 72% of its total loans.

Capital ratios meanwhile, remain healthy with Capital Adequacy Ratio (CAR) and CET1 Ratio at 13.1% and 10.6%, respectively.

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