

For Immediate Release

BEA Considers Proposal to Issue Hybrid Tier 1 Capital Instruments

Hong Kong, 23rd October, 2009 – The Bank of East Asia (“BEA”) today announces that its Board of Directors is considering a proposal for the offering and issue of a Hybrid Tier 1 capital (“hybrid capital”) instrument. Tier 1 capital of a bank is capital with equity-characteristics, which includes but not limited to common equity and hybrid capital. The hybrid capital proposed to be issued by BEA would comprise the notes to be issued by BEA (the “Notes”) and preference shares to be issued by Innovate Holdings Limited (“Innovate”), a wholly-owned subsidiary of the Bank (the “Innovate Preference Shares”). BEA would be the first bank in Hong Kong to issue Hybrid Tier 1 capital.

Upon the occurrence of certain events, the Innovate Preference Shares may be cancelled and substituted with the preference shares issued by BEA (the “Substitute Preference Shares”). It is proposed that the Notes, Innovate Preference Shares, and Substitute Preference Shares to be created and issued by the Bank and Innovate will be denominated in U.S. dollars.

The Notes will bear interest at an annual fixed rate for ten years with interest payable semi-annually in arrears. After ten years, BEA/Innovate can exercise an option effectively to redeem the Notes (through the redemption of the Innovate Preference Shares) and if the option is not exercised, the Notes will bear a step-up floating interest rate with interest payable quarterly in arrears. The Notes will be unsecured and subordinated to the senior creditors of the Bank. Initially, the Innovate Preference Shares will not be entitled to any dividend until the Notes have been assigned to Innovate. Thereafter, the Innovate Preference Shares will be entitled to a non-cumulative preferential dividend at the same rate as the interest rate applicable to the Notes, in preference to the holders of ordinary shares of Innovate. BEA will unconditionally and irrevocably guarantee the payment of dividends (if any) by Innovate and the liquidation preference on the Innovate Preference Shares.

The pricing of each unit comprising one Note and one Innovate Preference Share, including the aggregate principal amount, the subscription price and the interest rate (and hence the dividend rate) will be determined by reference to the prevailing market terms and rates and through a book building exercise by the Joint Lead Managers, UBS AG and Deutsche Bank AG.

Dr. David K.P. Li, Chairman & Chief Executive of BEA says: “We at BEA are always watchful for structural and market opportunities, and we explore viable options as they arise. On the back of improved market sentiment, we believe that the current environment presents an opportunity for the Bank to steer towards a more optimal capital mix in a relatively cost-efficient manner. This fundraising exercise will enable us to strengthen our core capital and pave the way for future growth.”

“We believe that this exercise will serve as an attractive opportunity for local and overseas investors,” adds Dr. Li. “The issue would be conducted on terms that are favourable to our shareholders, and it would not create any material dilutive effect on their respective shareholdings, nor affect the voting right of our shareholders.”

If BEA proceeds with the issue, it will convene an Extraordinary General Meeting to propose to its shareholders the issue of the Substitute Preference Shares. BEA intends to use the net proceeds from the issue for general working capital requirements of the Group.

About The Bank of East Asia

Incorporated in Hong Kong in 1918, BEA is dedicated to providing comprehensive retail and commercial banking services to its customers in Hong Kong, other Greater China regions, and overseas. BEA is the largest independent local bank in Hong Kong, with total consolidated assets of HK\$411.9 billion (US\$53.14 billion) as of 30th June, 2009. The Bank is listed on the Stock Exchange of Hong Kong and is one of the constituent stocks of the Hang Seng Index.

With more than 240 outlets worldwide, BEA operates an extensive international network covering Hong Kong and Greater China, the United States, Canada, the United Kingdom, the British Virgin Islands, and Southeast Asia. For more information on BEA, please visit any BEA branch or the Bank’s homepage at www.hkbea.com.

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