

For Immediate Release

BEA Strongly Opposes Elliott Petition

Hong Kong, 18th July, 2016 – The Bank of East Asia, Limited (“BEA” or the “Bank”) today announced on the Hong Kong Stock Exchange that it had been served with a sealed copy of an unfair prejudice petition presented by Elliott International (“EILP”), The Liverpool Limited Partnership (“Liverpool”), and certain other entities affiliated with EILP and Liverpool (together, “Elliott”), seeking relief from the Hong Kong court against the Bank and its relevant directors.

Elliott’s intentions remain the same – simply, to put the Bank in play. It is extraordinary that Elliott should allege that it has been unduly prejudiced in circumstances where Elliott has increased its stake in the Bank in full knowledge of the matters of which Elliott now complains.

BEA and its Directors strongly oppose the petition, and are of the view that Elliott’s petition and conduct are contrary to the interests of the Bank and its shareholders.

Dr. David K.P. Li, Chairman & Chief Executive of BEA commented:

“We will vigorously resist Elliott’s attack on the Bank and its Directors. Their actions are self-serving and calculated to distract the management team and Board who remain committed to maximising shareholder value. In today’s challenging operating environment, we continue to believe the best way to achieve that now is to focus on executing on our strategy.

We have heard Elliott’s arguments before and continue to believe that their bullying tactics only seek to serve their own short-term interests, and not the interests of the Bank’s shareholders as a whole.”

Elliott continues to try to put the Bank in play

The petition clearly evidences on multiple occasions Elliott’s intention to force the Bank into play; Elliott refers to the Bank as a prime takeover target and complains that it has suffered the loss of a chance to sell its shares at a premium in the event of a takeover of the Bank.

As even Elliott acknowledges, over the years, BEA’s management team has built a unique and valuable network in China. Following the demands from Elliott in February 2016 to conduct an auction process for the Bank, the Board considered the option of a possible sale thoroughly, and, in an open letter, announced they were unanimous in their view that Elliott’s ploy does not serve the interests of the Bank or its shareholders. The Bank believes that the best way to build shareholder value is to focus on executing its business plan and on leveraging the valuable franchise that it has built.

SMBC's share placement helped the Bank achieve a capital position that is necessary to operate effectively in a highly regulated environment

The Board considered its capital raising options, and debated the Sumitomo Mitsui Banking Corporation ("SMBC") subscription on at least four separate occasions before it proceeded with the placement. On three of those occasions, the Board had the benefit of the expert advice of Goldman Sachs. Following those discussions, the Board concluded that the SMBC placement was the best means of raising capital at a very fair price in a very cost effective manner. The placement brought certainty of capital from a globally renowned institutional shareholder and deepened the Bank's strategic relationship with a major international bank with important tangible benefits, including business collaboration, customer referrals and specific expertise, training, and funding.

The Board maintains an ongoing dialogue with the Hong Kong Monetary Authority on its capital plans. The Bank resolved that the best means of implementing such plans was by means of the SMBC placement.

Strategic partnerships continue to bring significant value to the Bank

CaixaBank and SMBC are long-term strategic partners of BEA. Both institutions are independent, publicly-listed banks each of which is accountable to its own shareholders. SMBC and CaixaBank's main shareholder, Criteria Caixa, invested in the Bank in recognition of the long-term value of BEA's franchise.

Business collaboration with CaixaBank and SMBC has grown stronger and the relationships continue to deliver mutual benefits and business opportunities. They both share the Bank's long-term vision and strategy. These institutions chose BEA as their strategic partner in China, which is a significant endorsement of the Bank's strategy and management team. These are world class institutions, with boards that know what deals are in the best interests of their shareholders.

No evidence of intention to entrench the power of the Li family

The petition relies heavily on "inference". Even after the Bank released all relevant confidential documents to Elliott at its request last year, Elliott is unable to point to any evidence that the SMBC placement was effected for improper purposes. The Bank's Directors are highly experienced individuals of the highest integrity, drawn from diverse fields whose experience and insight guide the Bank's development. They take their responsibilities very seriously and have always acted in the best interests of shareholders.

The Bank continues to enhance its corporate governance systems and is committed to ensuring that they advance the interests of all BEA shareholders.

Focus on creating long-term value for shareholders

In a difficult macroeconomic environment, the Board is focused on executing its longer term strategy and is committed to advancing the best interests of all shareholders. The Bank has demonstrated time and again its ability to adapt to difficult market conditions, and is pursuing a number of initiatives to improve its overall performance including:

- increasing retail deposits and lowering funding costs;
- augmenting wealth management operations and executing on cross-border opportunities;
- implementing the digital transformation strategy;
- focusing on costs;
- controlling risk and asset quality; and
- optimising its business portfolio.

In view of the Bank's sound capital position, unique network across Hong Kong, Mainland China, and overseas, and by pioneering an industry leading digital platform, the Board is confident that the Bank will generate substantial value for its shareholders for many years to come, and will realise its vision to be the Hong Kong bank of choice that serves the needs of Greater China in the 21st century.

About The Bank of East Asia, Limited

Incorporated in 1918, BEA is Hong Kong's largest independent local bank, with total consolidated assets of HK\$781.4 billion (US\$100.8 billion) as of 31st December, 2015. Listed on The Stock Exchange of Hong Kong, the Bank is a constituent stock of the Hang Seng Index.

BEA offers customers a comprehensive range of corporate banking, personal banking, wealth management, and investment services through an extensive network of more than 230 outlets covering Hong Kong and the rest of Greater China, Southeast Asia, the United Kingdom, and United States. For more information, please visit any BEA branch or the Bank's homepage at www.hkbea.com.

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Media enquiries:

Ms. Mimi Kam

General Manager and Head of Corporate Communications &
Human Resources Division

The Bank of East Asia, Limited

Tel.: (852) 3608 0989

Email: kamam@hkbea.com

BEA – Operator of one of the largest banking networks in Hong Kong