

Bank of East Asia's Profit Up by 25.7%

Acquisitions and Innovation Provide Platform for Future Growth

Hong Kong, 8th February, 2001 – The Bank of East Asia, Limited (“BEA”) today announced a consolidated profit attributable to shareholders of HK\$1,871 million for the year ended 31 December 2000. This represents a 25.7% year-on-year increase. Earnings per share increased by 23.1% to HK\$1.33, compared with HK\$1.08 last financial year. Operating profit after provisions rose by 302.3% to HK\$2,219 million, while operating income grew by 9.0% to HK\$4,982 million.

The Board of Directors recommended a final dividend of HK\$0.45 per share, which, together with the interim dividend of HK\$0.20 per share paid in September 2000, made a total dividend of HK\$0.65 per share. This represents an increase of 22.6% over the total dividend of HK\$0.53 per share paid in 1999.

Building on past success, the Bank continued to achieve significant business growth. “Our story in 2000 is one of successfully implementing the strategy that I set forth one year ago,” said Dr. David K P Li, BEA Chairman & Chief Executive. “Our plans for the year ahead will see us continue that strategy, with an even sharper focus.”

In 2000, the acquisition of First Pacific Bank gave BEA a competitive advantage in the Hong Kong market. It allowed the Bank to expand its business, particularly in the areas of consumer lending and credit cards, and to further extend its branch network in Hong Kong to 133 outlets.

In September 2000, BEA acquired a majority interest in Secretaries Ltd., a market leader in the provision of company secretarial services. This acquisition expands BEA's ability to offer value-added corporate services to the business communities in Hong Kong, China and abroad.

BEA continued to broaden the scope of its products and services during 2000. It introduced a series of 11 Bancassurance products, underwritten by its wholly-owned subsidiary, Blue Cross (Asia-Pacific) Insurance Ltd. Facilities for instant policy issuance were set up at 30 branches. To meet increased customer demand, BEA opened its first East Asia Bancassurance Service Centre in December.

BEA's credit card business recorded significant growth. A number of new card programmes were launched in partnership with several leading Hong Kong companies and institutions, including the St. Paul's Co-educational College Alumni Association Ltd. Card and the IEdSmart Card, jointly developed with the Hong Kong Institute of Education. The Bank also achieved a significant increase of more than 60% in its

consumer loans business, with the introduction of new products such as EasyFund and Cash360°.

BEA established its status as a leading provident plan provider with the successful launch of its Mandatory Provident Fund (MPF) services. As one of only two service providers that offer both the Master Trust Scheme and Industry Scheme, the Bank has gained significant advantage in the MPF market, built on the reach of its branch network and its experience in retirement planning.

As the market leader in Internet banking, BEA continued to expand the range of online banking services and access channels. Among the latest services to be added is MyCyberWorld, a complete solution for integrated banking services that includes MyPortfolio, CyberPayment, CyberValuation and CyberFund. Access is now available through iCare Internet-on-TV and PDA for added customer convenience.

In addition, customers can obtain real-time stock quotes using simple voice commands, with the advanced Interactive Voice Recognition service, pioneered by East Asia Securities Ltd., a wholly-owned subsidiary of the Bank.

BEA has also actively expanded its online corporate services. Payment Gateway allows corporate customers to offer worry-free on-line shopping through their own websites. Payroll Services have been enhanced to provide full management of MPF contributions and record keeping.

The Bank's China business continues to grow, and is set to achieve significant expansion in the years ahead. BEA has obtained approval from the People's Bank of China to open a new branch in Xian, the first foreign bank to be granted such a license. It is expected that approval will be gained to upgrade the Beijing Representative Office to a full branch in 2001. Furthermore, BEA will open its first branch in Macau in March this year.

BEA's many achievements in 2000 have been recognized globally. The Bank was named the **“Best Domestic Bank in Hong Kong”** in the Euromoney Awards for Excellence 2000. In addition, “BEA was recognized in the Asian Banking Awards 2000, winning in the “New Business Venture” category for its East Asia Cyberbanking and Cybertrading Services. East Asia Cyberbanking also won the “Innovative Service Award” in the 2000 Hong Kong Coalition of Service Industries Awards.

Looking to the future, Dr Li said, “Our guiding principle will remain the growth of shareholder value. Our return on equity increased in 2000. And we are determined to continue this upward trend in the coming year and beyond.”

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