

For immediate release

The Bank of East Asia's Interim Profit Up 38.9%

Continued Success Garners International Recognition

Hong Kong, 26th July, 2000 – The Bank of East Asia, Limited (“BEA”) today announced a consolidated profit after tax of HK\$940 million for the six months ended 30th June, 2000, an increase of 38.9% over the same period in 1999. Earnings per share increased by 36.7% to HK\$0.67, compared with HK\$0.49 for the same period last year. Operating profit before provisions decreased slightly by 3.9% to HK\$1,381 million, while operating income grew by 4.1% to HK\$2,395 million.

The Board of Directors recommended payment of an interim dividend of HK\$0.20 per share, representing a 33.3% increase over the interim dividend paid last year.

Despite a slow rebound in the banking sector, the Bank has made remarkable progress. “I am pleased to say our focused and prudent approach has resulted in a very favourable performance in the first six months of the year,” said Dr. David K P Li, BEA Chairman & Chief Executive. “Stemming from our ability to innovate and adapt to changing market demands, the Bank has maintained a steady performance and increased its market share, particularly in loans and deposits.”

The Bank's commitment to excellence and growth has gained global recognition. Recently, BEA has received the Euromoney Awards for Excellence 2000 as the **Best Domestic Bank in Hong Kong**. It was also the only bank in Hong Kong to be awarded winner of the Asian Banking Awards 2000 in the “New Business Venture” category for its Cyberbanking and Cybertrading Services.

“We are proud of the distinction that has been bestowed upon us, and will continue to uphold the high standards we have set for ourselves,” Dr. Li said.

East Asia Cyberbanking continued to break new grounds in offering innovative services, including instant online approval for mortgage, consumer loans and travel insurance, as well as funds transfer to other local banks. The Bank has further enhanced its leading position in Internet banking by joining forces with Yahoo! Hong Kong in launching a co-branded website (<http://hkbea.my.yahoo.com>).

The Bank launched the BEA (MPF) Master Trust Scheme in February 2000. In April, it also won a bid to operate an Industry Scheme, serving the needs of the 500,000 workforce employed in the catering and construction industries. The success of having the two MPF schemes approved marks an important milestone of the Bank in providing comprehensive MPF services for employers and employees in Hong Kong.

The Bank's acquisition of Blue Cross (Asia Pacific) as a wholly owned subsidiary has enhanced its diversified range of financial services. Recently, Blue Cross has moved into a new 20,000 sq.ft. office in Cosco Tower, Central, to cope with its rapid business expansion.

The Bank's credit card business has recorded double-digit growth. BEA CyberCard was launched in April to offer customers the convenience of shopping through the Internet with added security. A new MasterCard, the Shine Card, was introduced in June to suit the needs of various market segments.

Looking forward, the Bank will aggressively target the market for small to medium sized enterprises ("SMEs") through its collaboration with the Hong Kong Export Credit Insurance Corporation and sponsorship of the SME Centre of the Hong Kong Productivity Council.

The Bank will continue to forge a synergy with Blue Cross (Asia Pacific) in product development and marketing. Bancassurance, a new line of insurance products, will be distributed through the branch networks of BEA and the United Chinese Bank.

The Mainland, said Dr. Li, would remain the Bank's key market for expansion. "China's imminent entry to the World Trade Organization presents enormous growth opportunities and The Bank of East Asia has identified key areas for development," added Dr. Li.

In the second half of this year, BEA will be the first foreign bank to offer Internet banking in the Mainland with the launch of Cyberbanking Service (China) (<http://www.hkbea-cyberbanking.com.cn>). A full range of Renminbi products that will cater to foreign businesses and local residents will also be extended after China's entry to the World Trade Organization.

Dr. Li anticipated that Hong Kong's economy would be less reliant on the strength of the property market and mortgage lending would decrease. He expressed that the Bank would actively explore other business avenues, particularly opportunities in the technology and telecommunications industry. He also viewed corporate lending, consumer financing and financing for SMEs as areas with potential for growth.

In conclusion, he said, "For over 80 years, our success has been built on our solid foundation, our reputation and our people. The Bank of East Asia is ready to take on the future. We are committed to our customers, our shareholders and our community."

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For further information, please contact:

Mr. Chan Kay-cheung
Executive Director and Deputy Chief Executive

T: 2842 3203

Mr. Daniel Wan
Senior General Manager and Chief Financial Officer

T: 2842 3328