For Immediate Release

Hong Kong, 29th August, 2018

The Bank of East Asia, Limited
2018 Interim Results - Highlights
(for the six months ended 30th June, 2018)

- *Solid first-half performance on the back of increases in net fee and commission income as well as net interest income*
- *Maintain healthy capital ratios*
- *Investing in technology to further expand the Bank's customer base and enhance customer experience*

Profit attributable to owners of the parent (HK$ Million) - representing a decrease of 35.8% compared with the first half of 2017	3,992
Profit attributable to owners of the parent from continuing operations (HK$ Million) - representing an increase of 25.9% compared with the first half of 2017	3,992
Return on average assets (annualised)	0.90%
Return on average equity (annualised)	8.01%
Basic earnings per share	HK$1.30
Interim dividend per share (with scrip option)	HK$0.51
Dividend payout ratio	39.4%
Net interest margin (annualised)	1.70%
Cost-to-income ratio	49.1%
Total consolidated assets (HK$ Million)	826,834
Total loans and advances to customers and trade bills (HK$ Million)	507,531
Impaired loan ratio	0.94%
Total deposits (HK$ Million)	619,497
Loan to deposit ratio	79.3%
Average liquidity coverage ratio - second quarter	144.8%
Common Equity Tier 1 capital ratio	15.3%
Tier 1 capital ratio	17.4%
Total capital ratio	20.5%

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Speech by Dr. David K.P. Li, Chairman & Chief Executive of The Bank of East Asia, Limited ("BEA")

We enjoyed a very strong start to the year. Virtually all members of the Group generated higher returns. As a result, profit attributable to owners of the parent from continuing operations surged by almost 26% year on year.

The main contributors to this result included:

- Net interest income 8.9% higher;
- Non-interest income 24.6% higher;
- Net fee and commission income 11.8% higher; and
- Impairment, down by 63.1%.

Operating expenses rose by 9.1%, mainly due to higher staff costs and the investments made at BEA China to support our shift to retail banking and Internet finance.

Meanwhile, our cost-to-income ratio improved. The ratio stood at 49.1% for the first half of 2018, compared to 50.7% for the corresponding period last year.

I am pleased to advise that the Board of Directors has announced an interim dividend of 51 cents per share for the period from January to June.

We have two initiatives under way at present that are transforming our business, one led by our Hong Kong team and the other by our Mainland team.

In Hong Kong, we are re-doubling our commitment to digital banking.

All branches in Hong Kong are now equipped with state-of-the-art digital access. The platform is attracting new customers to the Bank, and generating many positive reviews.

We are also reimagining our online presence. Our aim is to empower customers through their smart phones and the Internet. We are combining individual services into complete solutions, tailored to our customers' lifestyles.

Our goal is to make all financial transactions more convenient, more in tune with customer needs and more secure.

On the Mainland, we are making significant progress on our shift into retail banking. Our strategy of teaming up with major internet platform companies has succeeded in introducing a large number of new clients to the Bank.

As our consumer finance portfolio grows, we are also very focused on attracting new deposits to the Bank, so as to lower the cost of funding.

Our International Division performed well in the first half of the year, taking advantage of the general improvement in economic conditions. We have an established presence in key overseas markets, and we are leveraging our local knowledge in international markets to promote business flows with China, including Hong Kong.

In recent presentations, I have highlighted our efforts to enhance risk management. We are now seeing concrete results, with an 11.9% reduction in risk-weighted assets in the first six months of the year.

The Group total capital ratio improved from 17.8% at the end of December last year to 20.5% at the end of June this year. Meanwhile, common equity tier one capital ratio improved by 2.1 percentage points to 15.3% over the same period.

I am delighted to announce that, on 2nd January, 2019, we will celebrate the 100th Anniversary of The Bank of East Asia. One hundred years ago, a group of young, entrepreneurial Chinese businessmen founded this bank to support local business and trade. We have grown and prospered along with Hong Kong ever since.

In the coming months, we will be hosting a series of events throughout Hong Kong to celebrate our 100 years, and convey our thanks to all of you. We very much hope that you will join us at these events.

Financial Performance

For the first six months of 2018, the Group earned a profit attributable to owners of the parent of HK$3,992 million, representing a decrease of HK$2,228 million or 35.8%, compared with the HK$6,220 million earned in the same period in 2017.

Excluding the gain from discontinued operations recorded in the first half of 2017, which totalled HK$3,049 million, profit attributable to owners of the parent increased by HK$821 million, or 25.9%.

Basic earnings per share from continuing operations rose from HK$1.08 in the first half of 2017 to HK$1.30 in the corresponding period in 2018. Incorporating discontinued operations, basic earnings per share fell from HK$2.20 in the first six months of 2017 to HK$1.30 for the same period in 2018.

Annualised return on average assets from continuing operations rose from 0.8% to 0.9%, while the annualised return on average equity from continuing operations rose from 7.1% to 8.0%. Incorporating discontinued operations, annualised return on average assets fell from 1.1% to 0.9%, while the annualised return on average equity fell from 10.8% to 8.0%.

During the first six months of 2018, the Group's net interest income from continuing operations increased by HK$511 million, or 8.9%, to HK$6,250 million. Net interest margin increased from 1.64% to 1.70%, and average interest bearing assets increased by 4.7%.

Net fee and commission income from continuing operations grew by HK$144 million, or 11.8%, to HK$1,362 million. Commission income from securities and brokerage, retail banking services, asset management, investment product and credit card businesses grew.

Taken together, net trading and hedging results and net results from financial instruments designated/ mandatory at fair value through profit or loss from continuing operations increased by HK$249 million to HK$430 million. Overall, non-interest income from continuing operations grew by 24.6% to HK$2,276 million. Operating income from continuing operations increased by 12.7% to HK$8,526 million.

Total operating expenses from continuing operations rose by 9.1% to HK$4,186 million. Given that operating income increased by HK$961 million, or 12.7%, the cost-to-income ratio improved from 50.7% in the first half of 2017 to 49.1% in the first half of 2018.

Operating profit before impairment losses from continuing operations stood at HK$4,340 million, an increase of HK$614 million, or 16.5%, when compared with the corresponding period in 2017.

Under HKFRS 9, there was a net charge of impairment losses on financial assets of HK$282 million in 2018, as compared to a net impairment charge of HK$765 million under HKAS 39 in 2017. The Group's impaired loan ratio improved from 1.09% at the end of December 2017 to 0.94% at the end of June 2018. The impaired loan ratio for Hong Kong operations fell from 0.91% to 0.79%, while that for Mainland China operations fell from 1.79% to 1.59%.

Operating profit after impairment losses from continuing operations amounted to HK$4,057 million, an increase of HK$1,154 million, or 39.8%.

Net profit on the sale of financial assets measured at fair value through other comprehensive income / available-for-sale from continuing operations decreased by 77.2% to HK$49 million.

Net profit on sale of disposal group and assets held for sale from continuing operations in the first six months of 2018 decreased by HK$180 million, or 94.6%, mainly due to a profit of HK$192 million on disposal of a property in Hong Kong in 2017.

Valuation gains on investment properties from continuing operations increased to HK$394 million.

The Group shared after-tax profits from associates of HK$281 million from continuing operations, an increase of HK$57 million, or 25.0% compared to the same period in 2017.

After accounting for income taxes, profit after taxation from continuing operations rose to HK$4,019 million, an increase of 26.0% compared to the HK$3,188 million recorded in the first half of 2017.

Financial Position

Total consolidated assets of the Group stood at HK$826,834 million at the end of June 2018, an increase of 2.2% compared to HK$808,942 million at the end of 2017.

Gross advances to customers rose by 3.7% to HK$491,098 million, while trade bills negotiated grew by 18.1% to HK$16,433 million.

Total equity attributable to owners of the parent increased to HK$91,815 million, up 2.6%, mainly due to the net profit of HK$3,992 million earned during the first six months of 2018.

Total deposits from customers decreased by 0.5% to HK$568,682 million. Of the total, demand deposits and current account balances decreased by HK$7,577 million, or 8.9%; savings deposits decreased by HK$1,314 million, or 1.0%; and time deposits increased by HK$5,889 million, or 1.7%. Total deposit funds, comprising deposits from customers and all certificates of deposit issued, increased by 1.9% to HK$619,497 million.

The loan-to-deposit ratio stood at 79.3% at the end of June 2018, compared to 77.9% at the end of 2017.

As at 30th June, 2018, the total capital ratio, tier 1 ratio, and common equity tier 1 ratio were 20.5%, 17.4%, and 15.3%, respectively. The average liquidity coverage ratio for the quarter ended 30th June, 2018 was 144.8%, which was well above the statutory minimum of 90% for the year 2018.

About The Bank of East Asia, Limited

Incorporated in 1918, The Bank of East Asia, Limited ("BEA") is a leading Hong Kong-based financial services group listed on The Stock Exchange of Hong Kong, with total consolidated assets of HK$826.8 billion (US$105.4 billion) as of 30th June, 2018.

BEA provides a comprehensive range of corporate banking, personal banking, wealth management, and investment services to customers throughout Greater China and beyond via an extensive network of nearly 200 outlets covering Hong Kong, Macau, Taiwan, Mainland China, Southeast Asia, the United Kingdom, and the United States. For more information, please visit www.hkbea.com.

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