

For Immediate Release**Hong Kong, 19th August, 2021****The Bank of East Asia, Limited
2021 Interim Results – Financial Highlights
(for the six months ended 30th June, 2021)**

- *Strong rebound in Group performance, led by return to profitability for BEA China and growth in non-interest income for BEA Hong Kong*
- *Continued investment in technology and wealth management capabilities to drive sustainable income and future efficiency gains*
- *Solid capital position to support business growth and shareholder returns*

For the half-year ended

Operating profit before impairment losses	
- representing a decrease of 8.6% compared with the first half of 2020	HK\$3,768 million
Profit attributable to owners of the parent	
- representing an increase of 74.3% compared with the first half of 2020	HK\$2,671 million
Return on average assets (annualised)	0.5%
Return on average equity (annualised)	4.6%
Basic earnings per share	HK\$0.78
Interim dividend per share (with scrip option)	HK\$0.35
Dividend payout ratio	45.1%
Net interest margin (annualized)	1.38%
Cost-to-income ratio	55.2%

At period-end

Total assets	HK\$900,509 million
Total loans and advances to customers and trade bills	HK\$546,577 million
Impaired loan ratio	1.21%
Total customer deposits and certificates of deposit issued	HK\$661,656 million
Loan to deposit ratio	80.9%
Common Equity Tier 1 capital ratio	16.9%
Tier 1 capital ratio	19.8%
Total capital ratio	22.4%

For the second quarter

Average liquidity coverage ratio	177.3%
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FINANCIAL REVIEW

Financial Performance

For the first six months of 2021, BEA and its subsidiaries earned a profit attributable to owners of the parent of HK\$2,671 million, representing an increase of HK\$1,139 million or 74.3%, compared with the HK\$1,532 million earned in the same period in 2020.

The increase in attributable profit was mainly due to a significant decrease in impairment losses in Mainland China and Hong Kong. Credit costs improved as a result of fewer loan downgrades, as well as a positive impact from updates to economic variables in the Bank's expected credit loss model.

Basic earnings per share rose from HK\$0.39 in the first half of 2020 to HK\$0.78 in the corresponding period in 2021.

The annualised return on average assets rose from 0.3% to 0.5%, while the annualised return on average equity rose from 2.5% to 4.6%.

Net interest income for the Group decreased by HK\$591 million, or 9.7%, to HK\$5,523 million, despite a 4.3% rise in average interest earning assets. Net interest margin narrowed from 1.59% to 1.38% under the prolonged low interest rate environment.

Net fee and commission income rose by HK\$105 million, or 7.3%, to HK\$1,540 million. Net commission income from sale of investment products, insurance policies, and securities brokerage grew. This increase was partly offset by a decline in credit card and trade finance income.

Net insurance profit was up by HK\$103 million or 38.8%. The increase was mainly due to improved results from underwriting and mark-to-market changes on financial instruments.

Taken together, net trading and hedging results and net results from other financial instruments rose by HK\$386 million, or 91.6%, to HK\$806 million. Overall, non-interest income rose by 22.5% to HK\$2,892 million. Total operating income slightly decreased by 0.7% to HK\$8,415 million.

Total operating expenses increased by 6.8% to HK\$4,647 million. The rise came as a result of IT investment, as well as higher performance incentives as profitability improved. Costs were also affected by a negative impact from Renminbi exchange rate movements. The cost-to-income ratio for the first half of 2021 was 55.2%, compared to 51.3% in the first half of 2020.

Impairment losses on financial instruments fell sharply, from HK\$2,675 million in 2020 to HK\$581 million in 2021. The Group's impaired loan ratio fell from 1.26% at the end of December 2020 to 1.21% at the end of June 2021. The impaired loan ratio for Hong

Kong operations rose from 0.75% to 0.79%, while that for Mainland China operations fell from 3.10% to 2.63%.

Operating profit after impairment losses amounted to HK\$3,187 million, an increase of HK\$1,965 million, or 160.8%.

In the first half of 2020, the Group booked a profit of HK\$341 million on the sale of subsidiaries and associates. No similar gain was recognised in the first half this year. Valuation on investment properties recorded a net loss of HK\$123 million.

After accounting for income taxes, profit increased to HK\$2,697 million, an increase of 73.1% compared to the HK\$1,558 million recorded in the first half of 2020.

Financial Position

The Group's total consolidated assets stood at HK\$900,509 million at the end of June 2021, an increase of 1.8% compared to HK\$884,420 million at the end of 2020.

Gross advances to customers increased by 4.1% to HK\$535,112 million.

Driven by the strong contribution from net profit for the period, total equity attributable to owners of the parent increased to HK\$100,251 million, a rise of 1.4%.

Total deposits from customers increased by 1.6% to HK\$598,588 million. Of the total, demand deposits and current account balances increased by HK\$2,945 million, or 4.2%; savings deposits increased by HK\$3,549 million, or 1.9%; and time deposits increased by HK\$2,892 million, or 0.9%. Total deposit funds, comprising deposits from customers and all certificates of deposit issued, increased by 1.8% to HK\$661,656 million.

As at 30th June, 2021, the total capital ratio, tier 1 capital ratio, and common equity tier 1 capital ratio were 22.4%, 19.8%, and 16.9%, respectively. The average liquidity coverage ratio for the quarter ended 30th June, 2021 was 177.3%, well above the statutory minimum of 100%.

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\$900.5 billion (US\$116.0 billion) as of 30th June, 2021.

BEA provides a comprehensive range of corporate banking, personal banking, wealth management, and investment services to customers through an extensive network of about 160 outlets covering Hong Kong, the rest of Greater China, Southeast Asia, the United Kingdom, and the United States. For more information, please visit www.hkbea.com.

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Mr. Adrian Li (right) and Mr. Brian Li (left), Co-Chief Executives of BEA, hosted the Bank's 2021 interim results webcast on 19th August, 2021.