

For Immediate Release**Hong Kong, 24th February, 2022****The Bank of East Asia, Limited
2021 Final Results – Financial Highlights
(for year ended 31st December, 2021)**

- *Profitability increased across all regions*
- *Costs held flat despite investment in people and digital*
- *Pursuing value creation opportunities that deliver returns for all shareholders*

For the year ended 31st December, 2021

Operating profit before impairment losses	
- Representing a decrease of 16.6% compared with the year ended 31 st December 2020	HK\$6,962 million
Profit attributable to owners of the parent	
- Representing an increase of 45.8% compared with the year ended 31 st December, 2020	HK\$5,270 million
Return on average assets	0.5%
Return on average equity	4.4%
Basic earnings per share	HK\$1.53
Second interim dividend per share (with scrip option)	HK\$0.35
Dividend payout ratio	45.8%
Net interest margin	1.37%
Cost-to-income ratio	57.2%

At year-end

Total consolidated assets	HK\$907,470 million
Total loans and advances to customers and trade bills	HK\$559,580 million
Impaired loan ratio	1.09%
Total customer deposits and certificates of deposit issued	HK\$697,832 million
Loan to deposit ratio	78.6%
Common Equity Tier 1 capital ratio	17.0%
Tier 1 capital ratio	19.8%
Total capital ratio	21.6%

For the fourth quarter

Average liquidity coverage ratio	182.4%
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FINANCIAL REVIEW

Financial Performance

In 2021, BEA and its subsidiaries earned a profit attributable to owners of the parent of HK\$5,270 million, representing an increase of 45.8%, compared with the HK\$3,614 million earned in 2020.

The increase in attributable profit was mainly due to a significant reduction in impairment losses in Mainland China, improved net fee and commission income, and a gain of HK\$902 million on the disposal of BEA Life.

Basic earnings per share rose from HK\$0.97 in 2020 to HK\$1.53 in 2021.

The return on average assets rose from 0.3% to 0.5%, while the return on average equity rose from 3.0% to 4.4%.

Group net interest income was pressured under the prolonged low-interest-rate environment. Net interest margin for the full year narrowed from 1.48% to 1.37%, leading to a 3.2% drop in net interest income to HK\$11,185 million, despite a 4.7% increase in average interest earning assets. However, the situation stabilised in the second half of the year, with net interest income rising by 2.5% half-on-half.

Net fee and commission income rose by 5.0% to HK\$3,069 million. The increase was mainly led by higher income from sales of insurance policies, as well as improved results from investment activity in Hong Kong and other revenue streams across the Group.

Net insurance profit was lower compared to 2020, mainly due to a shorter period of revenue contribution from life insurance business following the disposal of BEA Life. Non-interest income was also impacted by the absence of COVID-19-related government subsidies.

Overall, total operating income decreased by 5.9% to HK\$16,283 million.

Total operating expenses were contained at HK\$9,321 million despite continued investments in technology and talent, as efficiency gains from automation and straight-through processing began to take effect. Excluding the impact of exchange rate movements, costs grew by just 1.0%.

Impairment losses on financial instruments fell sharply, from HK\$4,674 million in 2020 to HK\$1,679 million in 2021. Credit cost improved from 0.94% to 0.28%. The Group's impaired loan ratio decreased from 1.26% at the end of December 2020 to 1.09% at the end of December 2021, while that for Mainland China operations improved from 3.10% to 1.54%.

Operating profit after impairment losses amounted to HK\$5,283 million, an increase of HK\$2,026 million, or 62.2%.

Net profit on sale of assets held for sale increased by HK\$1,010 million to HK\$1,042 million, mainly as a result of the disposal of BEA Life.

The Group's share of after-tax profits less losses from associates and joint ventures decreased by HK\$544 million to a loss of HK\$234 million, mainly contributed by an associate operating in Mainland China.

After accounting for income taxes, profit increased to HK\$5,313 million, an increase of 44.2% compared to the HK\$3,685 million recorded in 2020.

Financial Position

Total consolidated assets of the Group stood at HK\$907,470 million at the end of December 2021, an increase of 2.6% compared to HK\$884,420 million at the end of 2020.

Gross advances to customers increased by 6.8% to HK\$548,808 million.

Driven by the strong contribution from net profit for the year, total equity attributable to owners of the parent increased to HK\$101,778 million, a rise of 2.9%.

Total deposits from customers increased by 7.5% to HK\$633,505 million. Of the total, demand deposits and current account balances increased by HK\$9,822 million, or 14.1%; savings deposits increased by HK\$8,760 million, or 4.7%; and time deposits increased by HK\$25,721 million, or 7.8%. Total deposit funds, comprising deposits from customers and all certificates of deposit issued, increased by 7.3% to HK\$697,832 million.

The loan-to-deposit ratio stood at 78.6% at the end of December 2021, compared to 79.1% at the end of 2020.

As at 31st December, 2021, the total capital ratio, tier 1 capital ratio, and common equity tier 1 capital ratio were 21.6%, 19.8%, and 17.0%, respectively. The average liquidity coverage ratio for the quarter ended 31st December, 2021 was 182.4%, 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\$907.47 billion (US\$116.39 billion) as of 31st December, 2021.

BEA provides a comprehensive range of corporate banking, personal banking, wealth management, and investment services to customers through an extensive network of about 150 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 Final results webcast on 24th February, 2022.