

For Immediate Release**Hong Kong, 18th August, 2022****The Bank of East Asia, Limited
2022 Interim Results – Financial Highlights
(for the six months ended 30th June, 2022)**

- *Demonstrated financial and operational resilience amid volatile macro environment*
- *Investing in digital and data to future-proof business platforms and capture cross-border opportunities*
- *Pursuing value creation opportunities to uplift shareholder returns, including a HK\$500 million on-market share buy-back programme announced today*

For the half-year ended 30th June, 2022

Operating profit before impairment losses	
- representing a decrease of 1.5% compared with the first half of 2021	HK\$3,712 million
Profit attributable to owners of the parent	
- representing a decrease of 43.9% compared with the first half of 2021	HK\$1,499 million
Return on average assets (annualised)	0.2%
Return on average equity (annualised)	2.2%
Basic earnings per share	HK\$0.39
Interim dividend per share (with scrip option)	HK\$0.16
Dividend payout ratio	40%
Net interest margin (annualized)	1.42%
Cost-to-income ratio	54.3%

At period-end

Total assets	HK\$908,211 million
Total loans and advances to customers and trade bills	HK\$554,443 million
Impaired loan ratio	1.58%
Total customer deposits and certificates of deposit issued	HK\$691,221 million
Loan to deposit ratio	79.8%
Common Equity Tier 1 capital ratio	15.7%
Tier 1 capital ratio	17.7%
Total capital ratio	20.2%

For the second quarter

Average liquidity coverage ratio	187.5%
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FINANCIAL REVIEW

Financial Performance

For the first six months of 2022, the BEA Group earned a profit attributable to owners of the parent of HK\$1,499 million, representing a decrease of 43.9% compared with the HK\$2,671 million earned in the same period in 2021.

The decrease in attributable profit was mainly due to a significant increase in impairment losses in Hong Kong and Mainland China. Continued difficulties for the Mainland property sector resulted in downgrades being made to certain sizeable accounts, and the Bank made appropriate provisions to cover this exposure.

Basic earnings per share were HK\$0.39 in the first half of 2022, compared to HK\$0.78 in the corresponding period in 2021.

The annualised return on average assets decreased to 0.2%, while the annualised return on average equity decreased to 2.2%.

Net interest income for the Group increased by HK\$307 million, or 5.6%, to HK\$5,830 million, with a 2.4% increase in average interest bearing assets. Net interest margin widened from 1.38% to 1.42% on the back of rising rates.

Net fee and commission income fell by 6.5% to HK\$1,440 million. Investment sentiment was impacted by the spread of Omicron and the macro conditions, resulting in a decrease in net commission income from sales of investment products and securities brokerage. This was partially offset by a growing contribution from bancassurance.

Net insurance profit was lower compared to the first half of 2021, mainly due to the disposal of BEA Life in September 2021.

Taken together, net trading and hedging results and net results from other financial instruments fell by HK\$265 million, or 32.8%, to HK\$541 million. Non-interest income fell by 20.9% to HK\$2,288 million.

Overall, total operating income decreased by 3.5% to HK\$8,118 million.

Total operating expenses decreased by HK\$241 million, or 5.2%, to HK\$4,406 million. The cost-to-income ratio for the first half of 2022 was 54.3%, compared to 55.2% in the first half of 2021.

Impairment losses on financial instruments rose from HK\$581 million in the first half of 2021 to HK\$2,136 million in the first half of 2022. The Group's impaired loan ratio increased from 1.09% at the end of December 2021 to 1.58% at the end of June 2022.

The impaired loan ratio for Hong Kong operations rose from 1.09% to 1.76%, while that for Mainland China operations rose from 1.54% to 2.12%.

Operating profit after impairment losses amounted to HK\$1,576 million, a decrease of HK\$1,611 million, or 50.6%.

The Group's shared after-tax profits less losses from associates and joint ventures increased by HK\$61 million to a profit of HK\$190 million.

After accounting for income taxes, profit fell to HK\$1,510 million, a decrease of 44.0% compared to the HK\$2,697 million recorded in the first half of 2021.

Financial Position

Total consolidated assets of the Group stood at HK\$908,211 million at the end of June 2022, a slight increase of 0.1% compared to HK\$907,470 million at the end of 2021.

Gross advances to customers slightly increased by 0.5% to HK\$551,372 million.

Total equity attributable to owners of the parent fell by 5.7% to HK\$95,968 million. During the reporting period, the Bank completed the previously announced off-market share buy-back transaction with a total consideration of HK\$2,904 million.

Total deposits from customers increased by 1.7% to HK\$644,564 million. Of the total, demand deposits and current account balances decreased by HK\$10,157 million, or 12.8%; savings deposits decreased by HK\$11,681 million, or 5.9%; and time deposits increased by HK\$32,897 million, or 9.2%. Total deposit funds, comprising deposits from customers and all certificates of deposit issued, decreased by 0.9% to HK\$691,221 million.

The loan-to-deposit ratio stood at 79.8% at the end of June 2022, compared to 78.6% at the end of 2021.

As at 30th June, 2022, the total capital ratio, tier 1 capital ratio, and common equity tier 1 capital ratio were 20.2%, 17.7%, and 15.7%, respectively. The average liquidity coverage ratio for the quarter ended 30th June, 2022 was 187.5%, 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\$908.2 billion (US\$115.8 billion) as of 30th June, 2022.

BEA provides a comprehensive range of wholesale 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 2022 Interim Results webcast on 18 August, 2022.