

Hong Kong, 16th February 2023**For Immediate Release**

The Bank of East Asia, Limited
2022 Final Results – Financial Highlights
(for year ended 31st December, 2022)

- *Resilient underlying performance led by widened margins and increasing operational efficiency*
- *Continued investment in salesforce and digital capabilities to capture opportunities as restrictions are lifted and Mainland border reopens*
- *Striving for sustainable growth and enhanced shareholder returns*

For the year ended 31st December 2022

Operating profit before impairment losses

- Representing an increase of 25.4% compared with the year ended 31st December 2021 HK\$8,730 million

Profit attributable to owners of the parent

- Representing a decrease of 17.3% compared with the year ended 31st December 2021 HK\$4,359 million

Return on average assets 0.4%Return on average equity 3.7%Basic earnings per share HK\$1.32Second interim dividend per share (with scrip option) HK\$0.17Dividend payout ratio (including special dividend) 60%Net interest margin 1.65%Cost-to-income ratio 51.4%**At year-end**Total consolidated assets HK\$882,825 millionTotal loans and advances to customers and trade bills HK\$549,543 millionImpaired loan ratio 2.39%Total customer deposits and certificates of deposit issued HK\$680,755 millionLoan to deposit ratio 80.6%Common Equity Tier 1 capital ratio 15.8%Tier 1 capital ratio 17.7%Total capital ratio 20.1%**For the fourth quarter**Average liquidity coverage ratio 197.7%

FINANCIAL REVIEW

Financial Performance

In 2022, BEA and its subsidiaries earned a profit attributable to owners of the parent of HK\$4,359 million.

Basic earnings per share were HK\$1.32 for the year. The return on average assets was 0.4%, while return on average equity was 3.7%.

Profitability declined compared to 2021 as a result of a deterioration in asset quality. Continued difficulties for the Mainland property sector resulted in downgrades being made to sizeable accounts, and the Bank made appropriate provisions to cover this exposure.

In face of external challenges, BEA's operations were resilient. Operating profit before impairment losses stood at HK\$8,730 million, an increase of 25.4% compared to 2021, with core profitability showing an improvement across the Bank's Hong Kong, Mainland China and overseas operations.

Net interest income increased by 20.8% to HK\$13,508 million. With interest rates rising in Hong Kong and overseas, net interest margin widened by 28 basis points to 1.65%. This more than offset a drop in non-interest income to HK\$4,446 million under weak market conditions.

Net fee and commission income fell by 10.3% to HK\$2,753 million. Investment sentiment was impacted by the spread of Omicron and macroeconomic 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, which has become a strong revenue stream for the Bank.

Net insurance profit was impacted by the disposal of BEA Life Limited ("BEA Life") in September 2021 and Blue Cross (Asia-Pacific) Insurance Limited ("Blue Cross") in August 2022.

Taken together, net trading and hedging results and net results from other financial instruments amounted to HK\$1,245 million.

Overall, total operating income rose by 10.3% to HK\$17,954 million.

Total operating expenses were reduced by 1.0% to HK\$9,224 million. Expenses were held flat, despite continued investment in the Bank's talent, digital and data analytics capabilities, as a result of efficiency gains. The cost-to-income ratio for 2022 improved by 5.8 percentage points to 51.4%.

Impairment losses on financial instruments rose from HK\$1,679 million in 2021 to HK\$5,923 million in 2022. The Group's impaired loan ratio increased from 1.09% at the end of December 2021 to 2.39% at the end of December 2022.

Net profit on sale of assets held for sale grew by HK\$403 million to HK\$1,445 million, mainly as a result of the HK\$1,446 million gained upon disposal of Blue Cross and Blue Care JV (BVI) Holdings Limited in 2022, compared to HK\$902 million from the disposal of BEA Life in 2021.

The Group's share of after-tax profits less losses from associates and joint ventures went up by HK\$1,089 million to a profit of HK\$855 million, mainly contributed by associates operating in Malaysia and Mainland China.

Financial Position

Total consolidated assets of the Group stood at HK\$882,825 million at the end of December 2022.

Gross advances to customers remained stable at HK\$549,014 million.

Total deposits from customers increased by 2.3% to HK\$648,093 million. Of the total, demand deposits and current account balances decreased by 17.3%; savings deposits fell by 26.2%; and time deposits rose by 22.4%. Total deposit funds, comprising deposits from customers and all certificates of deposit issued, amounted to HK\$680,755 million.

The loan-to-deposit ratio stood at 80.6% at the end of December 2022, compared to 78.6% at the end of 2021.

Total equity attributable to owners of the parent was HK\$95,987 million.

The Bank's strong capital position enabled a series of corporate actions in 2022 while providing a buffer against external impacts. During the reporting year, the Bank completed an off-market share buy-back transaction with a total consideration of HK\$2,904 million in April 2022 and commenced a general buy-back on-market in October 2022. As at 31st December, 2022, the Bank had repurchased 15,744,800 Shares on the Stock Exchange at a total consideration of HK\$134 million, representing 0.54% of the Shares in issue.

As at 31st December, 2022, the total capital ratio, tier 1 capital ratio, and common equity tier 1 capital ratio were 20.1%, 17.7%, and 15.8%, respectively. The average liquidity coverage ratio for the quarter ended 31st December, 2022 was 197.7%, 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\$882.8 billion (US\$113.1 billion) as of 31st December 2022.

BEA provides a comprehensive range of corporate banking, personal banking, wealth management, and investment services to customers through an extensive network of about 130 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, announced the Bank's 2022 Final Results on 16 February, 2023.