

For Immediate Release**Hong Kong, 24th August, 2023****The Bank of East Asia, Limited
2023 Interim Results – Financial Highlights
(for the six months ended 30th June, 2023)**

- *Profitability strengthened by border reopening and net interest margin improvement*
- *Continued progress made in de-risking and diversifying the credit portfolio*
- *Strong capital position provides opportunities to bolster shareholder returns*

For the half-year ended 30th June, 2023

Operating profit before impairment losses	
- representing an increase of 53.2% compared with the first half of 2022	HK\$5,688 million
Profit attributable to owners of the parent	
- representing an increase of 75.8% compared with the first half of 2022	HK\$2,636 million
Return on average assets (annualised)	0.5%
Return on average equity (annualised)	4.8%
Basic earnings per share	HK\$0.87
Interim dividend per share (with scrip option)	HK\$0.36
Dividend payout ratio	41%
Net interest margin (annualised)	2.03%
Cost-to-income ratio	44.7%

At period-end

Total assets	HK\$872,069 million
Total loans and advances to customers and trade bills	HK\$533,077 million
Impaired loan ratio	2.56%
Total customer deposits and certificates of deposit issued	HK\$662,310 million
Loan to deposit ratio	80.3%
Common Equity Tier 1 capital ratio	16.8%
Tier 1 capital ratio	18.8%
Total capital ratio	21.4%

For the second quarter

Average liquidity coverage ratio	208.9%
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FINANCIAL REVIEW

Financial Performance

For the first six months of 2023, the BEA Group earned a profit attributable to owners of the parent of HK\$2,636 million, representing an increase of 75.8% compared with the HK\$1,499 million earned in the same period in 2022.

The Group's performance benefitted from an improved interest rate environment, as well as a resumption of business activity following the reopening of the Chinese Mainland's borders. These factors offset continued pressures on asset quality arising from liquidity issues for clients in the Chinese commercial real estate ("CRE") sector.

Basic earnings per share were HK\$0.87 in the first half of 2023, compared to HK\$0.39 in the corresponding period in 2022.

The annualised return on average assets increased by 30 basis points to 0.5%, while the annualised return on average equity increased by 2.6 percentage points to 4.8%.

Net interest income for the Group increased by HK\$2,215 million, or 38.0%, to HK\$8,045 million. Net interest margin ("NIM") widened from 1.42% to 2.03% on the back of rising rates.

Net fee and commission income increased by 0.6% to HK\$1,450 million. Net fees and commissions from lending business and sales of third-party insurance policies increased by 17.3% and 15.7%, respectively. However, the increase was offset by the drop in commissions from investment products and securities brokerage. With weak market sentiment, customer investment activity remained slow, although momentum improved compared to the second half of 2022.

Other operating income was impacted by the disposal of Blue Cross (Asia-Pacific) Insurance Limited in August 2022.

Taken together, net trading and hedging results and net results from other financial instruments increased by HK\$101 million, or 18.5%, to HK\$642 million. Non-interest income fell by 2.5% to HK\$2,231 million.

Overall, total operating income increased by 26.6% to HK\$10,276 million.

Total operating expenses rose by HK\$182 million, or 4.1%, to HK\$4,588 million. Efficiency gains helped to moderate the increment from continued investment in the Bank's talent, sales, and digital capabilities. The cost-to-income ratio for the first half of 2023 improved by 9.6 percentage points to 44.7%, compared to 54.3% for the same period in 2022.

Impairment losses on financial instruments were HK\$2,492 million for the first half of 2023, higher year-on-year but lower than the level recorded in the second half of 2022. The Group's impaired loan ratio increased from 2.39% at the end of December 2022 to 2.56% at the end of June 2023. The impaired loan ratio for Hong Kong operations decreased from 2.92% to 2.85%, while that for Chinese Mainland operations rose from 2.75% to 3.15%.

Operating profit after impairment losses amounted to HK\$3,190 million, an increase of HK\$1,614 million, or 102.4%.

The Group's shared after-tax profits less losses from associates and joint ventures decreased by HK\$18 million to a profit of HK\$172 million.

Financial Position

Total consolidated assets of the Group stood at HK\$872,069 million at the end of June 2023, a slight decrease of 1.2% compared to HK\$882,825 million at the end of 2022.

Continued efforts were made to reduce risk-weighted assets and manage down exposure to the CRE sector. As a result, gross advances to customers decreased by 3.2% to HK\$531,617 million.

Total equity attributable to owners of the parent rose by 1.0% to HK\$96,982 million.

Total deposits from customers decreased by 3.5% to HK\$625,722 million. Of the total, demand deposits and current account balances decreased by HK\$12,519 million, or 19.0%; savings deposits decreased by HK\$15,282 million, or 10.5%; and time deposits increased by HK\$5,430 million, or 1.2%. Total deposit funds, comprising deposits from customers and all certificates of deposit issued, decreased by 2.7% to HK\$662,310 million.

The loan-to-deposit ratio stood at 80.3% at the end of June 2023, compared to 80.6% at the end of 2022.

With a strong capital position, the Group continued its on-market share buyback programme. During the first half of 2023, 17,840,200 shares were repurchased on the Stock Exchange for a total consideration of HK\$183 million.

As at 30th June, 2023, the total capital ratio, tier 1 capital ratio, and common equity tier 1 capital ratio were 21.4%, 18.8%, and 16.8%, respectively. The average liquidity coverage ratio for the quarter ended 30th June, 2023 was 208.9%, well above the statutory minimum of 100%.



BEA senior management at the 2023 Interim Results media briefing: (from left) Ms. Dawn Tao, General Manager & Group Chief Financial Officer, Mr. Samson Li, Deputy Chief Executive & Chief Investment Officer, Mr. Adrian Li, Co-Chief Executive, Mr. Brian Li, Co-Chief Executive, Mr. Tong Hon-shing, Deputy Chief Executive & Chief Operating Officer, and Ms. Ivy Chan, General Manager & Group Chief Risk Officer.

About The Bank of East Asia, Limited

Incorporated in Hong Kong 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\$872.1 billion (US\$111.3 billion) as of 30th June 2023.

BEA provides a comprehensive range of wholesale banking, personal banking, wealth management and investment services to customers through an extensive network of about 130 outlets covering Hong Kong, the Chinese Mainland, Macau, Taiwan, Southeast Asia, the United Kingdom, and the United States. For more information, please visit: www.hkbea.com.

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