IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE ADDRESSEES OUTSIDE OF THE UNITED STATES AND TO NON-U.S. PERSONS.

IMPORTANT: You must read the following before continuing. The following applies to the supplementary offering circular following this page and the original offering circular dated 6 September 2019 (together, the "**Offering Circular**"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the attached Offering Circular. In accessing the attached Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THE FOLLOWING OFFERING CIRCULAR MAY NOT BE DOWNLOADED, FORWARDED OR DISTRIBUTED, IN WHOLE OR IN PART, TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY DOWNLOADING, FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTION, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation and your Representation: In order to be eligible to view the attached Offering Circular or make an investment decision with respect to the securities, investors must not be located in the United States or U.S. persons. By accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to have represented to The Bank of East Asia, Limited, Citigroup Global Markets Limited, Goldman Sachs (Asia) L.L.C., Standard Chartered Bank, SMBC Nikko Capital Markets Limited, ABCI Capital Limited, AMTD Global Markets Limited, Merrill Lynch (Asia Pacific) Limited, BOCI Asia Limited, CCB International Capital Limited, Crédit Agricole Corporate and Investment Bank, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch and Wells Fargo Securities International Limited (together, the "**Joint Lead Managers**"), and us (1) that you and any customers you represent are not (a) a U.S. person or (b) in the United States, and that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States and (2) that you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission. To the extent you purchase the securities described in the attached Offering Circular, you will be doing so in an offshore transaction as defined in regulations under the Securities Act in compliance with Regulation S under the Securities Act.

You are reminded that the attached Offering Circular has been delivered to you on the basis that you are a person into whose possession the attached Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver or disclose the contents of the attached Offering Circular to any other person. You should not reply by e-mail to this notice, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

The attached Offering Circular does not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers are a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of The Bank of East Asia, Limited 東亞銀行有限公司 in such jurisdiction.

The attached Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently, none of The Bank of East Asia, Limited 東亞銀行有限公司, the Joint Lead Managers, the Trustee or any of the Agents (each as defined in the attached Offering Circular) nor any person who controls any of them nor any director, officer, employee nor agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the attached Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

CONFIDENTIAL

BEA 東亞銀行

The Bank of East Asia, Limited
東亞銀行有限公司

(incorporated with limited liability in Hong Kong)

Issue of U.S.$600,000,000 4.000 per cent.
Dated Subordinated Notes due 2030
under the U.S.$6,000,000,000 Medium Term Note Programme

This Supplementary Offering Circular (the "**Supplementary Offering Circular**") is supplemental to the Offering Circular dated 6 September 2019 (the "**Original Offering Circular**" and, together with this Supplementary Offering Circular, the "**Offering Circular**") prepared by The Bank of East Asia, Limited (東亞銀行有限公司 ("**BEA**" or the "**Issuer**")) in connection with the U.S.$6,000,000,000 Medium Term Note Programme described in the Original Offering Circular (the "**Programme**"), which forms part of and is to be read together with this Supplementary Offering Circular. This Supplementary Offering Circular is prepared for the U.S.$600,000,000 4.000 per cent. Dated Subordinated Notes due 2030 (the "**Notes**") to be issued by the Issuer under the Programme. Terms given a defined meaning in the Original Offering Circular shall, unless the context otherwise requires, have the same meaning when used in this Supplementary Offering Circular. References in the Original Offering Circular and this Supplementary Offering Circular to the "**Offering Circular**" or "**this Offering Circular**" mean the Original Offering Circular as supplemented and amended by this Supplementary Offering Circular. To the extent that the Original Offering Circular is inconsistent with this Supplementary Offering Circular, the terms of this Supplementary Offering Circular shall prevail.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "*Investment Considerations*" in the Original Offering Circular (as amended and supplemented by this Supplementary Offering Circular). The Notes are complex and high risk financial instruments. There are risks inherent in the holding of any Notes, including the risks in relation to their subordination and the circumstances in which Noteholders may suffer loss as a result of holding any Notes. Prospective investors should have regard to the factors described under the section headed "*Investment Considerations*" in the Original Offering Circular (as amended and supplemented by this Supplementary Offering Circular) for a discussion of certain considerations to be taken into account in connection with an investment in the Notes. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the information contained in the Offering Circular and the Pricing Supplement (as defined in "*Summary of the Offering*") and the merits and risks of investing in the Notes in the context of their financial position and particular circumstances. Investors also should have the financial capacity to bear the risks associated with an investment in the Notes. Investors must not purchase the Notes unless they understand and are able to bear risks associated with the Notes.

Application has been made to The Stock Exchange of Hong Kong Limited (the "**HKSE**") for the listing of the Notes by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") (together, "**Professional Investors**")) only. This document is for distribution to Professional Investors only. **Investors must not purchase the Notes in the primary or secondary markets unless they are Professional Investors and understand the risks involved. The Notes are only suitable for Professional Investors.**

The HKSE has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme and the Notes on the HKSE is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes or the Issuer or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the HKSE take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

Notice of the aggregate principal amount of Notes, interest (if any) or distribution (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to the Notes will be set out in the Pricing Supplement which, with respect to Notes to be listed on the HKSE, will be delivered to the HKSE, on or before the date of issue of the Notes.

The Notes will be issued in registered form and will be represented by a registered global certificate (the "**Global Certificate**"), and deposited on the relevant issue date with a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**").

The Notes have not been and will not be registered under the United States Securities Act of 1933 (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United State. Subject to certain exceptions, the Notes may not be offered or sold, within the United States or to, or for the account or benefit of, a U.S. person. Registered Notes are subject to certain restrictions on transfer, see "*Subscription and Sale*" in the Original Offering Circular (as supplemented and amended by this Supplementary Offering Circular).

MiFID II product governance/target market —The Pricing Supplement in respect of any Notes may include a legend entitled "MiFID II Product Governance" which will outline the target market in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration such target market; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Joint Lead Manager subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Joint Lead Managers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

PRIIPS REGULATION / PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPS Regulation.

Singapore Securities and Futures Act Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Moody's Investors Service, Inc. ("**Moody's**") is expected to rate the Notes "Baa3". S&P Global Ratings ("**S&P**") is expected to rate the Notes "BBB-". A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, revision or withdrawal at any time by the assigning rating agency.

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

The Bank of East Asia, Limited **Citigroup** **Goldman Sachs (Asia) L.L.C.** **Standard Chartered Bank**

Joint Lead Manager and Joint Bookrunner

SMBC Nikko

Joint Lead Managers

ABC International **AMTD** **BofA Securities** **BOC International**

CCB International **Crédit Agricole CIB** **Shanghai Pudong Development Bank Hong Kong Branch** **Wells Fargo Securities**

The date of this Supplementary Offering Circular is 21 May 2020

The Issuer, having made all reasonable enquiries, confirms that the Offering Circular contains or incorporates all information which is material in the context of the issuance and offering of the Notes, that the information contained or incorporated by reference in the Offering Circular is true and accurate in all material respects and is not misleading in any material respect, that the opinions and intentions expressed in the Offering Circular are honestly held and that there are no other facts the omission of which would make the Offering Circular or any of such information or the expression of any such opinions or intentions misleading in any material respect and which, in each case, is material in the context of the issuance and offering of the Notes.

This Supplementary Offering Circular is to be read in conjunction with the Original Offering Circular and all documents which are incorporated herein by reference (see "*Documents Incorporated by Reference"). The information in this Supplementary Offering Circular supersedes the information in the Original Offering Circular to the extent inconsistent with the information in the Original Offering Circular.*

PRIIPs REGULATION / PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

The Offering Circular includes particulars given in compliance with the Listing Rules for the purposes of giving information with regard to the Issuer. The Issuer accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading. Investors are advised to exercise caution in relation to the offering of the Notes described herein. If investors are in any doubt about any of the contents of the Offering Circular, they should obtain independent professional advice.

Admission to the HKSE and quotation of any Notes on the HKSE is not to be taken as an indication of the merits of the Notes or the Issuer or the Group. In making an investment decision, investors must rely on their own examination of the Issuer, the Group and the terms of the offering, including the merits and risks involved. See "*Investment Considerations*" in the Original Offering Circular (as amended and supplemented by this Supplementary Offering Circular) for a discussion of certain factors to be considered in connection with an investment in the Notes.

No person has been authorised to give any information or to make any representation other than those contained in the Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Joint Lead Managers (as defined in "*Summary of the Offering*") or the Trustee or the Agents (each as defined in "*Terms and Conditions of the Notes other than the Undated Capital Securities*" in the Original Offering Circular (the "**Conditions**"). Neither the Offering Circular nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer of, or invitation by or on behalf of the Issuer, any Joint Lead Manager or the Trustee or the Agents or any of their respective directors, employees, representatives, affiliates or advisers to any person to subscribe for, or to purchase, any Notes.

No representation or warranty, express or implied, is made or given by the Joint Lead Managers or the Agents as to the accuracy, completeness or sufficiency of the information contained in the Offering Circular, and nothing contained in the Offering Circular is, or shall be relied upon as, a promise, representation or warranty, express or implied, by the Joint Lead Managers or the Agents. The Joint Lead Managers have not independently verified any of the information contained in the Offering Circular and give no assurance that this information is accurate, truthful or complete.

Neither the delivery of the Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Group since the date hereof or the date upon which the Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Group since the date hereof or the date upon which the Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

This Supplementary Offering Circular has been prepared by the Issuer solely for use in connection with the proposed offering of the Notes described in this Supplementary Offering Circular. The distribution of this Supplementary Offering Circular and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Supplementary Offering Circular comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restriction.

Singapore Securities and Futures Act Product Classification — Solely for the purpose of its obligation pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

The Notes have not been and will not be registered under the United States Securities Act of 1933 (the "**Securities Act**"). Subject to certain exceptions, the Notes may not be offered, sold or delivered, within the United States. or to, or for the account or benefit of, U.S. persons (as defined in Regulation S). For a description of certain restrictions on offers and sales of the Notes and on distribution of the Offering Circular, see "*Subscription and Sale*" in the Original Offering Circular (as supplemented and amended by this Supplementary Offering Circular). The Notes are being offered and sold outside the United States in reliance on Regulation S ("**Regulation S**") under the Securities Act. For a description of these and certain further restrictions on offers, sales and transfers of Notes and distribution of the Offering Circular, see "*Subscription and Sale*" in the Original Offering Circular (as supplemented and amended by this Supplementary Offering Circular).

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF THE NOTES OR THE ACCURACY OR THE ADEQUACY OF THE OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

The Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes or in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. None of the Issuer, any Joint Lead Managers, the Trustee or the Agents makes any representation to any investor in the Notes regarding the legality of its investment under any applicable law. The distribution of the Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions.

None of the Issuer, the Joint Lead Managers, the Trustee or the Agents represents that the Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the Pricing Supplement, no action has been taken by the Issuer, the Joint Lead Managers, the Trustee or the Agents which is intended to permit a public offering of any Notes or distribution of the Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither the Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession the Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of the Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of the Offering Circular and the offer or sale of Notes in the United States, the EEA, the UK, Hong Kong and Singapore. See "*Subscription and Sale*" in the Original Offering Circular (as supplemented and amended by this Supplementary Offering Circular).

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors or advisers accept any responsibility for the contents of the Offering Circular or for any other statement, made or purported to be made by a Joint Lead Manager or the Trustee or any Agent or on its behalf in connection with the Issuer, the Group or the issue and offering of the Notes. Each Joint Lead Manager, the Trustee and each Agent and any of their respective affiliates, directors or advisers accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of the Offering Circular or any such statement. Neither the Offering Circular nor any financial statements of the Issuer or the Group are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, employees, representatives, affiliates or advisers that any recipient of the Offering Circular or any financial statements of the Issuer or the Group should purchase the Notes. Each potential investor of Notes should determine for itself the relevance of the information contained in the Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors or advisers undertakes to review the results of operations, the financial condition or affairs of the Issuer during the life of the arrangements contemplated by the Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Joint Lead Managers, the Trustee or the Agents.

Hong Kong Exchanges and Clearing Limited and the HKSE take no responsibility for the contents of the Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Offering Circular. Listing of the Notes on the HKSE is not to be taken as an indication of the merits of the Issuer, the Group or the Notes. Each person receiving the Offering Circular acknowledges that such person has not relied on the Joint Lead Managers or any person affiliated with the Joint Lead Managers in connection with its investigation of the accuracy of such information or its investment decision.

From time to time, in the ordinary course of business, certain of the Joint Lead Managers and their affiliates have provided advisory and investment banking services, and entered into other commercial transactions with the Issuer and its affiliates, including commercial banking services, for which customary compensation has been received. It is expected that the Joint Lead Managers and their affiliates will continue to provide such services to, and enter into such transactions with, the Issuer and its affiliates in the future.

The Joint Lead Managers or certain of their respective affiliates may purchase the Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution. References herein to the Notes being offered should be read as including any offering of the Notes to the Joint Lead Managers and/or their respective affiliates acting in such capacity. In the ordinary course of their various business activities, the Joint Lead Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

In making an investment decision, each potential investor must rely on its own examination of the Issuer and the Group and the terms of the Notes being offered, including the merits and risks involved. The Issuer does not and the Joint Lead Managers, the Trustee and the Agents do not make any representation regarding the legality of investment under any applicable laws.

Potential investors should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

WARNING

The contents of this Supplementary Offering Circular have not been reviewed by any regulatory authority of any jurisdiction. You are advised to exercise caution in relation to the offering of the Notes. If you are in any doubt about any of the contents of this Supplementary Offering Circular, you should obtain independent professional advice.

STABILISATION

In connection with any Notes, one or more of the Joint Lead Managers appointed and acting in its capacity as stabilisation manager (or persons acting on their behalf) may act as the stabilisation manager(s) (the "**Stabilisation Manager(s)**"). The identity of the Stabilisation Manager(s) (if any) will be disclosed in the applicable Pricing Supplement.

In connection with the issue of any Notes, one or more of the Joint Lead Managers named as Stabilisation Manager (or persons acting on behalf of any Stabilisation Manager(s)) in the Pricing Supplement may, subject to applicable laws and regulations, over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes.

PRESENTATION OF INFORMATION

In the Offering Circular, unless the context otherwise requires, (i) references to "**BEA**" or the "**Issuer**" mean The Bank of East Asia, Limited 東亞銀行有限公司 and, as the context may require, its subsidiaries; (ii) references to "**BEA (China)**" mean The Bank of East Asia (China) Limited; and (iii) references to the "**Group**" mean The Bank of East Asia, Limited 東亞銀行有限公司 and its subsidiaries.

Unless otherwise specified or the context otherwise requires, references to "**U.S.$**" and to "**U.S. dollars**" are to lawful currency of the United States of America (the "**United States**"), references to "**HK$**", "**Hong Kong dollars**" and "**HK dollars**" are to the lawful currency of Hong Kong Special Administrative Region of the PRC ("**Hong Kong**" **or** "**HKSAR**"), references to "**RMB**" and "**Renminbi**" are to the lawful currency of the PRC, references to "**sterling**", "**GBP**" and "**£**" are to the lawful currency of the United Kingdom, references to "**€**", "**EUR**" and "**Euro**" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended from time to time, references to "**Australian dollars**" are to lawful currency of the Commonwealth of Australia, references to the "**PRC**" and "**Mainland China**" are to the People's Republic of China and, for the purpose of the Offering Circular, except where the context requires, do not include Hong Kong, Macau Special Administrative Region of the PRC ("**Macau**"), or Taiwan, the Republic of China ("**Taiwan**"), and references to "**PRC government**" means the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local governmental entities) and instrumentalities thereof, or, where the context requires, any of them.

The English names of PRC nationals, entities, departments, facilities, laws, regulations, certificates, titles and the like are translations of their Chinese names and are included for identification purpose only. In the event of any inconsistency, the Chinese name prevails.

In the Offering Circular, where information has been presented in thousands or millions of units, amounts may have been rounded up or down especially when rounding into another currency. Certain monetary amounts in the Offering Circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

The Hong Kong dollar has been linked to the U.S. dollar at the rate of HK$7.80 to U.S.$1.00 since 17 October 1983 (the "**Linked Exchange Rate System**"). In May 2005, the Monetary Authority broadened the 22-year old trading band from the original rate of HK$7.80 per U.S. dollar to a rate range of HK$7.75 to HK$7.85 per U.S. dollar.

For convenience only, all Hong Kong dollar amounts in this Supplementary Offering Circular have been translated into U.S. dollar amounts at the rate of U.S.$1.00 = HK$7.80. Such translations should not be construed as representations that the Hong Kong dollar amounts referred to could have been, or could be, converted into U.S. dollars at that or any other rate or at all.

INDUSTRY AND MARKET DATA

Market data and certain industry forecasts and statistics used throughout the Offering Circular have been obtained from, among other sources, internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of the Issuer, the Joint Lead Managers, the Trustee or the Agents or their respective affiliates, directors, officers, employees, representatives, advisers, agents and each person who controls any of them makes any representation as to the correctness, accuracy or completeness of that information. Such information may not be consistent with other information compiled. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified.

DOCUMENTS INCORPORATED BY REFERENCE

Pursuant to this Supplementary Offering Circular, the (a) consolidated annual financial statements (including the notes thereto) and the independent auditor's report in respect thereto, of the Group for the year ended 31 December 2018 (the "**2018 Financial Statements**") appearing on pages 156 to 366 of the 2018 annual report published by BEA on 28 March 2019 (the "**2018 Annual Report**") and (b) consolidated annual financial statements (including the notes thereto) and the independent auditor's report in respect thereto, of the Group for the year ended 31 December 2019 (the "**2019 Financial Statements**") appearing on pages 150 to 358 of the 2019 annual report published by BEA on 20 March 2020 (the "**2019 Annual Report**") shall be deemed to be incorporated in, and form part of, the Offering Circular. Copies of the 2018 Annual Report and the 2019 Annual Report may be obtained from BEA's website at http://www.hkbea.com and the website of the HKSE at http://www.hkex.com.hk.

The above websites and any other websites referenced in the Offering Circular are intended as guides as to where other public information relating to BEA may be obtained. Information appearing on such websites (save for the information expressly incorporated by reference in the Offering Circular) does not form part of the Offering Circular and neither BEA nor the Joint Lead Managers accept any responsibility whatsoever that any information on such websites, if available, is accurate and/or up-to-date. Such information, if available, should not form the basis of any investment decision by an investor or potential investor to purchase or deal in the Notes.

Any documents themselves incorporated by reference in the 2018 Financial Statements or the 2019 Financial Statements shall not form a part of the Offering Circular. The documents incorporated by reference herein are current only as at the date of such document and the incorporation by reference of such documents shall not create any implication that there has been no change in the affairs of the Group since the date thereof or that the information contained therein is current as at any time subsequent to its date.

Save for the 2018 Financial Statements and the 2019 Financial Statements, the financial information contained in this Supplementary Offering Circular does not constitute specified financial statements (as defined in the Companies Ordinance (Cap. 622) of Hong Kong) in relation to BEA. BEA has delivered its specified financial statements for the years ended 31 December 2017 and 2018 to the Registrar of Companies of Hong Kong, and will deliver its specified financial statements for the year ended 31 December 2019 in due course. BEA's auditor has reported on the specified financial statements in relation to BEA for the years ended 31 December 2017, 2018 and 2019. The auditor's reports were not qualified or otherwise modified, did not refer to any matters to which the auditor drew attention by way of emphasis without qualifying the reports and did not contain any statement under section 406(2) or 407(2) or (3) of the Companies Ordinance (Cap. 622) of Hong Kong.

FORWARD-LOOKING STATEMENTS

The Offering Circular includes statements that are, or may be deemed to be, "*forward-looking statements*". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout the Offering Circular and include statements regarding the intentions, beliefs or current expectations of the Issuer concerning, among other things, the results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which the Group operates. By their nature, forward-looking statements are subject to numerous assumptions, risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and that the Group's actual results of operations, financial condition and liquidity, and the development of the industries in which the Group operates, may differ materially from those made in or suggested by the forward-looking statements contained in the Offering Circular. In addition, even if the results of operations, financial condition and liquidity and the development of the industries in which the Group operates are consistent with the forward-looking statements contained in the Offering Circular, those results or developments may not be indicative of results or developments in subsequent periods. The Issuer and its directors, employees and agents respectively do not assume: (i) any obligation or undertaking to release any updates or revisions to any forward-looking statements contained herein to reflect any change in the Issuer's expectation with regard thereto or any change or events, conditions or circumstances, on which any such statements were based; or (ii) any liability in the event that any of the forward-looking statements does not materialise or turns out to be incorrect.

The cautionary statements set forth above should be considered in connection with any subsequent written or oral forward-looking statements that the Issuer or persons acting on its behalf may issue. The Issuer does not undertake any obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this Supplementary Offering Circular.

The following list includes some, but not necessarily all, of the factors that may cause actual results to differ from those anticipated or predicted:

- changes in the general operating environment of the Hong Kong or Mainland China banking industry;
- changes in general economic, market, business and regulatory conditions in Hong Kong, Mainland China, the United States and other countries;
- changes in the monetary and credit policies of the United States, Hong Kong and Mainland China;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices;
- changes in Hong Kong or Mainland China governmental policies, laws or regulations, in particular those affecting the banking industry in Hong Kong or Mainland China;
- the effects of intensifying competition in the banking industry in Hong Kong and Mainland China; and
- the performance of the real property and financial markets in Hong Kong and Mainland China.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "*Investment Considerations*" in the Original Offering Circular (as amended and supplemented by this Supplementary Offering Circular).

Any forward-looking statements that the Issuer makes in the Offering Circular speak only as at the date of such statements, and the Issuer undertakes no obligation to update such statements. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, and should only be viewed as historical data.

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SUMMARY OF THE OFFERING

The following summary does not purport to be complete and should be read in conjunction with Conditions. It does not contain all the information that is important to investors. For a more complete description of the Notes, see "Terms and Conditions of the Notes other than the Undated Capital Securities " in the Original Offering Circular. Terms used in this summary and not otherwise defined shall have the same meanings given to them in the "Terms and Conditions of the Notes other than the Undated Capital Securities" in the Original Offering Circular.

The Issuer	The Bank of East Asia, Limited 東亞銀行有限公司.
Description	U.S.$600,000,000 4.000 per cent. Dated Subordinated Notes due 2030
Joint Lead Managers	The Bank of East Asia, Limited東亞銀行有限公司 Citigroup Global Markets Limited Goldman Sachs (Asia) L.L.C. 高盛(亞洲)有限責任公司 Standard Chartered Bank SMBC Nikko Capital Markets Limited ABCI Capital Limited AMTD Global Markets Limited Merrill Lynch (Asia Pacific) Limited BOCI Asia Limited CCB International Capital Limited Crédit Agricole Corporate and Investment Bank Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch Wells Fargo Securities International Limited
Trustee	DB Trustees (Hong Kong) Limited.
Issuing and Paying Agent	Deutsche Bank AG, Hong Kong Branch.
Transfer Agent	Deutsche Bank Luxembourg S.A.
Registrar	Deutsche Bank Luxembourg S.A.
Issue Date	29 May 2020
Issue Price	99.592 per cent. of the aggregate principal amount
Status and Subordination of the Notes	The Notes will constitute direct, unsecured and subordinated obligations of the Issuer, and shall at all times rank *pari passu* without any preference among themselves. Subject to the insolvency laws of Hong Kong and other applicable laws, in the event of a Winding-Up of the Issuer (other than pursuant to a Permitted Reorganisation), the rights of the holders of the Notes to payment of principal and interest on the Notes, and any other obligations in respect of the Notes, shall rank subordinate and junior in right of payment to, and of all claims of all unsubordinated creditors of the Issuer (including its depositors) and the holders of Non-Preferred Loss Absorbing Instruments in the manner provided in the Trust Deed.

"**Authorized Institution**" has the meaning given to that term in the Banking Ordinance (Cap. 155) of Hong Kong.

"**Banking Capital Regulations**" means the Banking (Capital) Rules (Cap. 155L) of Hong Kong or any other banking capital regulations as amended or superseded from time to time applicable to the regulatory capital of Authorized Institutions incorporated in Hong Kong or any supervisory guidelines issued or implemented by the Monetary Authority.

"**Non-Preferred Loss Absorbing Instruments**" means any Loss Absorbing Instrument that by operation of law or contract ranks or is expressed to rank senior to any: (i) Tier 2 Capital Instruments; and (ii) Tier 1 Capital Instruments.

"**Loss Absorbing Instruments**" means any notes, securities or other instruments issued, entered into, or guaranteed by the Issuer that constitute "**LAC debt instruments**" under the Loss Absorbing Capacity Rules.

"**Loss Absorbing Capacity Rules**" means the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements — Banking Sector) Rules (Cap. 628B) of Hong Kong or any other loss-absorbing capacity regulations as amended or supersede from time to time applicable to the loss-absorbing capacity of Authorized Institutions incorporated in Hong Kong or any statutory guidelines issued or implemented by the Monetary Authority.

"**Monetary Authority**" means the Monetary Authority appointed under section 5A of the Exchange Fund Ordinance (Cap. 66) of Hong Kong.

"**Permitted Reorganisation**" means a solvent reconstruction, amalgamation, reorganisation, merger or consolidation whereby all or substantially all the business, undertaking or assets of the Issuer are transferred to a successor entity which assumes all the obligations of the Issuer under the Notes.

"**Tier 1 Capital Instruments**" means any instrument or other obligations issued or entered into by the Issuer that constitutes Tier 1 capital of the Issuer pursuant to the Banking Capital Regulations.

"**Tier 2 Capital Instruments**" means any instrument or other obligations issued or entered into by the Issuer that constitutes Tier 2 capital of the Issuer pursuant to the Banking Capital Regulations.

"**Winding-Up**" means, with respect to the Issuer, a final and effective order or resolution by a competent judicial authority in the place of incorporation of the Issuer for the bankruptcy, winding-up, liquidation, administrative receivership, or similar proceeding in respect of the Issuer.

No Set-off	Subject to applicable law, no holder of the Notes may exercise, claim or plead any right of set-off, counter-claim or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Notes and each holder of the Notes shall, by virtue of being the holder of the Notes be deemed to have waived all such rights of such set-off, counterclaim or retention to the fullest extent permitted by law.
Form and Denomination of the Notes	The Notes will be issued in registered form in the denomination of U.S.$250,000 each and integral multiples of U.S.$1,000 in excess thereof.
Interest Rate	From and including the Issue Date to but excluding the Optional Redemption Date, a fixed rate of 4.000 per cent. per annum, payable semi-annually in arrear; From and including the Optional Redemption Date to but excluding the Maturity Date, a fixed rate per annum equal to the aggregate of (a) the then-prevailing U.S. Treasury Rate (as defined in the Pricing Supplement in respect of the Notes (the "**Pricing Supplement**")) and (b) the Spread (as defined in the Pricing Supplement), payable semi-annually in arrear.
Non-Viability Loss Absorption . . .	If a Non-Viability Event occurs and is continuing, the Issuer shall, on or prior to the provision of a Non-Viability Event Notice, irrevocably (without the need for the consent of the Trustee or the holders of any Notes), reduce the then principal amount of, and cancel any accrued but unpaid interest in respect of, each Note (in each case, in whole or in part) by an amount equal to the Non-Viability Event Write-off Amount per Note (such reduction and cancellation, and the reduction and cancellation or conversion of any other Subordinated Capital Instruments so reduced and cancelled or converted upon the occurrence of a Non-Viability Event, where applicable, being referred to herein as the **Write-off**, and **Written-off** shall be construed accordingly). "**Junior Obligation**" means: (a) all classes of the Issuer's share capital (including without limitation any ordinary shares and any preference shares of the Issuer); (b) any Tier 1 Capital Instruments; and (c) any instrument or other obligations issued, entered into, or guaranteed by the Issuer that ranks or is expressed to rank junior to the Notes by operation of law or contract.

"**Non-Viability Event**" means the earlier of:

(a) the Monetary Authority notifying the Issuer in writing that the Monetary Authority is of the opinion that a Write-off or conversion is necessary, without which the Issuer would become non-viable; and

(b) the Monetary Authority notifying the Issuer in writing that a decision has been made by the government body, a government officer or other relevant regulatory body with the authority to make such a decision, that a public-sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable.

"**Non-Viability Event Notice**" means the notice which shall be given by the Issuer not more than two Hong Kong Business Days after the occurrence of a Non-Viability Event, to the Noteholders, the Trustee and the Paying Agents, in accordance with the Conditions and which shall state:

(a) in reasonable detail the nature of the relevant Non-Viability Event; and

(b) the Non-Viability Event Write-off Amount for: (i) each Note; and (ii) each other Subordinated Capital Instrument in accordance with its terms.

"**Non-Viability Event Write-off Amount**" means the amount of interest and/or principal to be Written-off as the Monetary Authority may direct or, in the absence of such a direction, as the Issuer shall (in consultation with the Monetary Authority) determine to be necessary to satisfy the Monetary Authority that the Non-Viability Event will cease to continue. For the avoidance of doubt, (i) the full amount of the Notes will be Written-Off in full in the event that the amount Written-Off is not sufficient for the Non-Viability Event to cease to continue; and (ii) in the case of an event falling with paragraph (b) of the definition of Non-Viability Event, the Write-off will be effected in full before any public-sector injection of capital or equivalent support.

Further, the Non-Viability Event Write-off Amount in respect of each Note will be calculated based on a percentage of the principal amount of that Note.

"**Parity Obligation**" means any instrument or other obligation issued, entered into, or guaranteed by the Issuer that ranks or is expressed to rank *pari passu* with the Notes by operation of law or contract.

"**Subordinated Capital Instrument**" means any Junior Obligation or Parity Obligation which contains provisions relating to a write-down or conversion into ordinary shares in respect of its principal amount on the occurrence, or as a result, of a Non-Viability Event and in respect of which the conditions (if any) to the operation of such provisions are (or with the giving of any certificate or notice which is capable of being given by the Issuer, would be) satisfied.

Consequence of Non-Viability Loss Absorption . . . .

Once the principal amount of, and any accrued but unpaid interest in respect of, the Notes has been Written-off, the relevant amount(s) Written-off will not be restored in any circumstances, including where the relevant Non-Viability Event ceases to continue. Any Write-off pursuant to the Conditions shall not constitute a Default under the Notes.

Concurrently with the giving of the notice of a Non-Viability Event, the Issuer shall undertake to, unless otherwise directed by the Monetary Authority, (i) issue a similar notice of Write-off in respect of other Parity Capital Instruments in accordance with their terms; and (ii) procure a Write-off concurrently and rateably with the Write-off of the Notes in respect of the aggregate principal amount of such other Parity Capital Instruments on a pro rata basis with the Notes.

No holder of the Notes may exercise, claim or plead any right to any Non-Viability Event Write-off Amount, and each holder of the Notes shall, by virtue of its holding of any Notes, be deemed to have waived all such rights to such Non-Viability Event Write-off Amount.

"**Parity Capital Instrument**" means any Parity Obligation which contains provisions relating to a write-down or conversion into ordinary shares in respect of its principal amount on the occurrence, or as a result, of a Non-Viability Event and in respect of which the conditions (if any) to the operation of such provisions are (or with the giving of any certificate or notice which is capable of being given by the Issuer, would be) satisfied.

Hong Kong Resolution Authority Power	Notwithstanding any other term of the Notes, including without limitation the Conditions, or any other agreement or arrangement, each holder of the Notes and the Trustee shall be subject, and shall be deemed to agree, be bound by and acknowledge that they are each subject, to having the Notes held by each being written off, cancelled, converted or modified, or to having its form changed, in the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority without prior notice and which may include (without limitation) and result in any of the following or some combination thereof: (a) the reduction or cancellation of all or a part of the principal amount of, or interest on, the Notes; (b) the conversion of all or a part of the principal amount of, or interest on, the Notes into shares or other securities or other obligations of the Issuer or another person (and the issue to or conferral on the holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Notes; and (c) the amendment or alteration of the maturity of the Notes or amendment or alteration of the amount of interest payable on the Notes, or the date on which the interest becomes payable, including by suspending payment for a temporary period, or any other amendment or alteration of the Conditions. With respect to (a), (b) and (c) above, references to principal and interest shall include payments of principal and interest that have become due and payable (including principal that has become due and payable at the Maturity Date), but which have not been paid, prior to the exercise of any Hong Kong Resolution Authority Power. The rights of the holders of the Notes and the Trustee under the Notes and the Conditions are subject to, and will be amended and varied, if necessary, solely to give effect to, the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority.

No repayment of the principal amount of the Notes or payment of interest on the Notes shall become due and payable or be paid after the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority with respect to the Notes unless, at the time that such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer under the laws and regulations applicable to the Issuer and the Group.

Upon the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority with respect to the Notes, the Issuer shall provide a written notice not more than two Business Days after the occurrence of such exercise of the Hong Kong Resolution Authority Power to the Noteholders in accordance with the Conditions and to the Trustee and the Principal Paying Agent in writing.

Neither the reduction or cancellation, in part or in full, of the principal amount of, or interest on the Notes, the conversion thereof into another security or obligation of the Issuer or another person, or any other amendment or alteration of the Conditions or any other modification or change in the form of the Notes as a result of the exercise of any Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority with respect to the Issuer nor the exercise of the Hong Kong Resolution Authority Power by the relevant Hong Kong Resolution Authority with respect to the Notes shall constitute a Default under the Conditions.

Maturity Date . . . . 29 May 2030

Redemption at the Option of the Issuer . . . .

Subject to the Conditions, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders, redeem all of the Notes on the Optional Redemption Date.

Subject to the Conditions, the Issuer may, on giving not less than 30 nor more than 60 days' prior written notice to the Noteholders (which notice shall be irrevocable), redeem all of the Notes at any time:

- for taxation reasons;
- for regulatory reasons; and
- following a Loss Absorption Disqualification Event.

	The Issuer shall not redeem any of the Notes and the Issuer or any of its Subsidiaries shall not purchase any of the Notes unless the prior written consent of the Monetary Authority thereto shall have been obtained, if required.
Optional Redemption Date	29 May 2025, subject to the prior written consent of the Monetary Authority.
Ratings	Moody's is expected to rate the Notes "Baa3". S&P is expected to rate the Notes "BBB-". A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Taxation	All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of Hong Kong, subject to customary exceptions, all as described in "*Terms and Conditions of the Notes other than the Undated Capital Securities — Taxation*" in the Original Offering Circular.
Clearing Systems	Euroclear and Clearstream.
Governing Law	English law, except that the provisions of the Notes relating to subordination, set off, Non-Viability Event and Hong Kong Resolution Authority Power shall be governed by Hong Kong law.
Listing	Application will be made for the listing of the Notes on the HKSE by way of debt issues to Professional Investors only.
Capital Treatment of the Notes . .	It is intended that the Notes will qualify in full as Tier 2 capital of the Issuer in accordance with the requirements of the Banking (Capital) Rules (Cap. 155L) of Hong Kong and as amended by the Banking (Capital) (Amendment) Rules 2018.
Loss Absorbing Instrument	It is intended that the Notes will qualify as a "LAC debt instrument" under the Loss Absorbing Capacity Rules.

INVESTMENT CONSIDERATIONS

Prospective investors should carefully take into account the following considerations, in addition to the other information contained in this Offering Circular, before investing in the Notes. The occurrence of one or more events described below could have an adverse effect on the Group's business, financial condition, or results of operations, and could affect its ability to make payments of principal, premium and/or interest (if any) under the Notes. The following considerations and uncertainties may not be exhaustive. Additional considerations and uncertainties not currently known to BEA, or which BEA currently deems immaterial, may also have an adverse effect on an investment in the Notes.

The following replaces the sub-section headed "Considerations Relating to the Group" under the section headed "Investment Considerations" included on pages 28 to 42 of the Original Offering Circular in its entirety.

CONSIDERATIONS RELATING TO THE GROUP

Hong Kong Economy

The Group conducts most of its operations[(1)] and generates most of its revenue in Hong Kong. The Group's performance and the quality and growth of its assets are necessarily dependent on the overall economy and the local social and political stability in Hong Kong. As a result, any downturn in the Hong Kong economy or any instability in the local social and political landscape of Hong Kong may adversely affect the Group's business, financial condition and the results of its operations. Further, civil unrest and an uncertain political environment may impact the Hong Kong economy and result in an economic slowdown. Protests, demonstrations or rioting causing disruption to businesses, commercial activities and transportation systems, such as the recent anti-extradition bill protests since June 2019, may adversely impact consumer confidence, dampen consumer spending and affect inbound tourism to Hong Kong, which in turn may have a negative impact on the local economy. In addition, any spread of communicable diseases or public health emergencies may impact the Hong Kong economy. For example, the wide spread of the novel coronavirus disease, COVID-19, since January 2020 has caused severe disruptions to business and economic activities in Hong Kong, the PRC and globally and restricted cross border travel. Consumer confidence or consumer sentiment in Hong Kong and elsewhere has been materially impacted due to the continued escalation of the COVID-19 pandemic. The Group's borrowers may experience difficulties meeting their obligations or seek to forebear payment on or refinance their loans for lower rates. While the Government of HKSAR ("**HKSARG**") has introduced certain economic relief measures to support the Hong Kong economy, there can be no assurance that such measures will have the intended effects. Any significant or sudden economic slowdown, recession or other adverse changes or developments in the local social and economic environment or political arrangements in Hong Kong may adversely affect the Group's business, financial condition, results of operations and prospects.

The Hong Kong economy is sensitive to global economic conditions and depends in part upon economic performance of the United States, the PRC and other developed countries. It is impossible to predict how the Hong Kong economy will develop in the future and whether it may slow down due to a global crisis or experience a financial crisis. For example, the United Kingdom's exit from the European Union and the sustained tension between the United States and the PRC over trade policies have resulted in volatility in global financial markets and undermined the stability of the global economies. In addition, more recently, the COVID-19 pandemic has adversely affected global

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(1) Operations based on size of total assets.

financial, foreign exchange, commodity and energy markets. While central banks of different countries, including the Federal Reserve Board of Governors of the United States (the "**Federal Reserve**"), have cut policy rates and/or announced stimulus packages, and national governments have proposed or adopted various forms of economic relief, there can be no assurance that such monetary and fiscal policy measures will have the intended effects or that a global economic downturn will not occur or market volatilities will not persist. If there is any economic downturn or if the market volatilities persist, there can be no assurance that the Hong Kong economy or the Group's business, financial condition and results of operations will not be adversely affected.

Competition

The banking industry in Hong Kong is a mature market, and the Group is subject to significant and increasing competition from many other Hong Kong-incorporated banks and Hong Kong branches of international and PRC banks, including competitors that have significantly more financial and other capital resources, higher market share and stronger brand recognition than the Group. The international and local banks and niche players operating in Hong Kong compete for substantially the same customers as the Group. There is a limited market, especially for retail banking products such as investment and insurance products, home mortgage loans, credit cards, personal loans and transport lending businesses. There can be no assurance that the Group will be able to compete effectively in the face of such competition. Intense competition may make it difficult for the Group to increase the size of its loan portfolio and deposit base and may cause intense pricing competition. There can be no assurance that increased competition will not have a material adverse effect on the Group's business, financial condition or results of operations.

As a result of the intensified competition among banks, BEA has experienced downward pressure on its margins in recent years. To counter the effects of increased competition, BEA has actively pursued a strategy of diversifying its income sources by focusing on increasing its fee-based income, introducing innovative products and, at the same time, improving the cost efficiency of its operations. However, there can be no assurance that BEA will be able to compete successfully in the mature Hong Kong banking market and sustain its profitability in future.

The banking industry in Mainland China is also highly competitive. The market has been dominated by the large state-owned commercial banks, which have long operating histories, well-established branch networks, large customer bases and better brand recognition. Besides, the joint-stock commercial banks and the city commercial banks have been aggressive in expanding their business for increasing their market share in recent years.

Moreover, the banking industry in Mainland China has been facing more challenges in recent years as the PRC government implemented a series of measures to liberalise the banking industry. BEA expects competition not only from state-owned commercial banks, joint-stock commercial banks and city commercial banks, but also from foreign commercial banks whose geographical presence, customer base and business scope have become less restrictive following the opening up of the banking sector in Mainland China. Besides, the China Banking and Insurance Regulatory Commission ("**CBIRC**") encourages and guides private capital to enter the banking industry. This has intensified the competition of the banking sector in Mainland China. Furthermore, the rapid development of internet finance, financial disintermediation and shadow banking have brought new challenges to the banking sector in business areas of deposits, payment and settlement, lending as well as acquisition and retention of customers.

In addition, the PRC's Closer Economic Partnership Arrangement (the "**CEPA**") with Hong Kong and Macau allows smaller banks from these jurisdictions to operate in Mainland China, which has also increased competition in the banking industry in Mainland China. Many of these banks compete with the Group for the same customer base and some of them may have greater financial, management and technical resources than the Group.

The intensified competition in the markets where the Group operates may adversely affect the Group's business and prospects, the effectiveness of its strategies, its results of operations and financial condition by potentially:

- reducing the growth and quality of the Group's loan and deposit portfolios and other products and services;
- reducing the Group's interest income and net interest margin;
- reducing the Group's fee and commission income;
- increasing the Group's interest and operating expenses; and
- increasing competition for qualified managers and employees.

Expansion in the Hong Kong and Mainland China Markets

The Group's strategy involves expansion of its business in the Hong Kong and Mainland China markets organically and through mergers and acquisitions ("**M&A**") and alliances, if suitable opportunities arise. BEA (China) obtained the Financial Institution Business Permit from CBIRC on 20 March 2007 and the business licence from the State Administration for Industry and Commerce ("**SAIC**") on 29 March 2007 as a locally-incorporated bank. BEA (China) officially commenced business on 2 April 2007. The establishment of a locally-incorporated bank is one of the prerequisites for providing RMB retail banking service in Mainland China.

Further expansion into Mainland China may present the Group with new risks and challenges, such as interest rate liberalisation, slowdown in credit growth, margin compression, asset quality deterioration, more stringent and changing regulatory requirements, and new competition from internet finance players and online money market funds. Expansion and integration of new M&A and alliances in the Hong Kong and Mainland China markets may also require significant financial, operational, administrative and management resources. The success of any M&A and alliances will depend in part on the ability of BEA's management to integrate the operations of newly acquired businesses with its existing operations and, where applicable, to integrate various departments, systems and processes. Consequently, the Group's ability to implement its business strategy may be constrained and the timing of such implementation may be affected due to the demand placed on existing resources by the process. There can be no assurance that the acquired entities will achieve the level of performance that BEA anticipates or that the projected demand for and margins of the Group's products and services will be realised. The failure to manage expansion effectively could have an adverse effect on the Group's business, financial condition and results of operations.

Changes in Regulations in the Mainland China Market

The regulations which apply to the Group's business in the PRC are extensive, complex and frequently changing. The PRC banking regulatory regime has been evolving continuously. Some of the changes in rules and regulations may result in additional costs or restrictions on BEA (China)'s operations and business expansion in Mainland China.

BEA (China)'s business and operations are directly affected by the changes in laws, rules, regulations or policies relating to the PRC banking industry. As some of the banking laws, rules, regulations or policies are relatively new, there is uncertainty regarding their interpretation and application. If BEA (China) fails to comply with any of these laws, rules, regulations or policies, it may result in enforcement actions, which may include fines to be imposed on BEA (China), restrictions on its business activities, or in extreme cases, suspension or revocation of its business licences, which would materially and adversely affect BEA (China)'s operations, reputation, business and financial position.

BEA (China) operates in a highly regulated industry. The principal regulators of the PRC banking industry include CBIRC, the People's Bank of China ("**PBOC**") and the State Administration of Foreign Exchange ("**SAFE**"). CBIRC requires all commercial banks in China to maintain certain financial ratios, including but not limited to liquidity coverage ratio ("**LCR**"), liquidity ratio, net stable funding ratio ("**NSFR**") and capital adequacy ratio ("**CAR**").

In accordance with the amended Commercial Banking Law of the PRC, the previous requirement that all commercial banks in China should maintain a loan-to-deposit ratio of not more than 75% has been removed and loan-to-deposit ratio has been changed from a supervisory indicator to a liquidity monitoring indicator. However, CBIRC will use other indicators, such as LCR, liquidity ratio, and NSFR to monitor the liquidity status of commercial banks. If BEA (China) fails to fulfill these mandatory requirements, it may result in restrictions on its business expansion imposed by CBIRC, such as suspension of new business application and establishment of new branch or sub-branch.

In addition, CBIRC issues regulations and guidelines governing the capital management of all commercial banks in the PRC from time to time. If the regulatory capital requirements, liquidity restrictions or ratios applicable to BEA (China) increase in the future, any failure of BEA (China) to comply with the relevant requirements, restrictions or ratios could result in administrative actions or sanctions, which may have a material adverse impact on the Group's business, financial condition and results of operations. A shortage of available capital might also restrict the Group's opportunities for expansion.

Dependence on Key Personnel and Recruitment

The Group's ability to sustain its growth and meet future business demands depends on its ability to attract, recruit and retain suitably skilled and qualified staff. Given the Group's rapid expansion in the Mainland China market, there can be no assurance that the Group will be able to recruit staff in sufficient numbers or with sufficient experience, or that pressure on recruitment will not lead to significant increases in the Group's employment costs. Competition for suitably skilled and qualified staff is particularly acute in Mainland China. Any of these factors could adversely affect the Group's business, financial condition and results of operations.

In addition, the Group also faces strong competition to retain skilled and qualified staff, and the loss of key personnel or any inability to manage attrition levels in different employee categories may have an adverse effect on the Group's business, its ability to grow, increased employment and training and development costs and its control over various business functions. There can be no assurance that there will be no departures of personnel from the senior management of BEA and that, if future departures do occur, the Group's business and operations will not be adversely affected.

Expanding Range of Products and Services Offered in Mainland China

In order to meet the needs of its customers and to expand its business, the Group has broadened the range of products and services offered by BEA (China). Expansion of the business of the Group in Mainland China is subject to certain risks and challenges, including:

- the Group may not be able to obtain regulatory approval for new products or services;
- the Group's new products and services may not be accepted by customers or are not able to generate the Group's expected return;
- the Group may have difficulties in recruiting experienced professionals or qualified personnel to offer new products and services, due to keen competition in the labour market; and
- the Group may not be able to enhance its risk management capabilities and information technology systems to support a broader range of products and services.

If the Group is not able to achieve the intended results with respect to its new products and services to be offered in Mainland China, this could have an adverse effect on the business, financial condition and results of operations of the Group.

Exposure to the Mainland China Market

As at 31 December 2019, BEA's wholly-owned subsidiary, BEA (China), headquartered in Shanghai, operated 31 branches in Shanghai, Beijing, Tianjin, Harbin, Dalian, Shenyang, Qingdao, Shijiazhuang, Zhengzhou, Urumqi, Hangzhou, Nanjing, Suzhou, Chengdu, Chongqing, Wuhan, Hefei, Xi'an, Shenzhen, Shenzhen Qianhai, Guangzhou, Zhuhai, Xiamen, Changsha, Kunming, Ningbo, Jinan, Wuxi, Fuzhou, Nanning, Nanchang and other cities in the PRC as well as 66 sub-branches.

As at 31 December 2017, 2018 and 2019, loans and advances to customers made by the Group's operations in Mainland China collectively amounted to approximately HK$151,828 million, HK$149,689 million and HK$131,371 million, respectively, representing approximately 32.0%, 29.9% and 25.8%, respectively, of the Group's total loans and advances to customers. The value of the Group's advances in Mainland China, as well as its advances to companies that have business interests in Mainland China, may be influenced by the general state of the PRC economy and may be affected by significant political, social or legal uncertainties or changes in Mainland China (including changes in political leadership, inflation rate, exchange controls and exchange rate, and the impact on the changes in regulations governing banking and other businesses). As at 31 December 2017, 2018 and 2019, the impaired loan ratio of the Group's advances in Mainland China was approximately 1.8%, 1.7% and 3.8%, respectively. The high impaired loan ratio of the Group's advances in Mainland China as at these dates was as a result of, among other factors, the economic slowdown in the PRC resulting in deterioration of the asset quality in Mainland China. While the Group has tightened its credit policies such as remaining cautious on extending credit and continuing to actively manage the impaired loan portfolio and has put more focus on lending to state-owned enterprises and large-scale enterprises, there can be no assurance that the impaired loan ratio of the Group's advances in Mainland China will not increase in the future, nor can there be any assurance that the Group's continued exposure to Mainland China or its strategy to grow its business in Mainland China will not have a negative impact on the Group's earnings or an adverse effect on the Group's business, financial condition or results of operations or that the economic and political environment in Mainland China will remain favourable to the Group's business in Mainland China in the future.

Concentration Risk — Exposure to the Property Market

The Group has significant direct and indirect exposure to the property market particularly in Hong Kong and Mainland China through its portfolio of property related advances and property used as collateral.

As at 31 December 2019, the Group's property related loans (including property developments and property investment advances) amounted to approximately HK$261,406 million, representing approximately 51.3% of the Group's total loan portfolio.

The Hong Kong and the PRC property markets are highly cyclical and property prices in general have been volatile. For example, Hong Kong residential property prices, after reaching record highs in 1997, fell significantly as a result of the Asian economic downturn. In addition, while the Hong Kong property market showed improvement during the period from 2004 to the first half of 2008, property prices in Hong Kong declined in the second half of 2008 and early 2009, and have generally increased since the second half of 2009 despite a slight fall in the second half of 2018 and early 2019. Despite the introduction by the Monetary Authority of prudential measures for mortgage lending and the implementation by HKSARG of cooling measures from time to time as means to address the increasing risk of property price bubble, property prices in Hong Kong continued to follow an upward trend in recent years.

Property prices in Hong Kong are affected by a number of factors, including, among other things, the supply of, and demand for, comparable properties, the rate of economic growth in Hong Kong, the policies of HKSARG, Hong Kong interest rate movements which are largely dependent on the timing and pace of the U.S. rate hikes, political and economic developments in the PRC, and the relationship between the PRC, Hong Kong and other countries. In Hong Kong, the Monetary Authority has implemented regulatory measures in recent years to mitigate risks in residential mortgage lending in the banking sector. This has included prudential measures to reduce loan-to-value ratio caps for mortgages of high end properties with a value of at least HK$10 million to 50%. In addition, the Financial Secretary of HKSARG has been increasing the amount of stamp duty payable on various real estate purchases. HKSARG has also tried to increase land supply and the supply of real estate. As the introduction of these measures are subject to policy changes reflecting domestic political or economic circumstances, there can be no assurance that HKSARG will not introduce further measures in the future that may have a significant impact on the Hong Kong property market, which may in turn have a negative impact on the Group's asset quality or an adverse effect on the Group's business.

In the PRC, a build-up in inflationary pressure, resulting from changes in the external economic and political environment and a prolonged period of negative interest rates, fuelled a strong housing demand for wealth preservation during 2010. From time to time, the PRC government has launched various initiatives to rein in excessive appreciation in housing prices and as a result of these regulatory measures, the property market in the PRC has showed significant volatility in recent years.

Accordingly, any prolonged decrease or fluctuations in property values or liquidity of the Hong Kong and the PRC property markets could adversely affect the Group's business, financial condition and results of operations.

Liquidity and Funding Sources

The Group endeavours to diversify its funding sources in order to maintain the stability of its liquidity. However, the majority of the Group's funding requirements are met in the form of deposits from customers. In particular, as at 31 December 2017, 2018 and 2019, approximately 80.9%, 81.6% and 83.3%, respectively, of the Group's deposits from customers had a remaining maturity of three months or less. Historically, a substantial portion of such deposits from customers has been rolled over upon maturity and these deposits have been, in essence, a stable source of long-term funding. However, there can be no assurance that this pattern will continue. If a substantial number of depositors do not roll over deposited funds upon maturity, the Group's liquidity position would be adversely affected and the Group may need to seek alternative sources of short-term or long-term funding to finance its operations, which may be more expensive than existing deposits.

Although the Group has issued debt securities to diversify its funding sources, customer deposits remain its primary funding source in Hong Kong. In Mainland China, the Group's strategy is to increase the growth of customer RMB deposits in order to maintain stability in its source of funds and to minimise costs associated with interbank borrowing. From 31 December 2017 to 31 December 2019, the Group's total of deposits from customers and certificates of deposits issued increased from approximately HK$608,150 million to approximately HK$647,586 million, and the Group's deposits from customers increased from approximately HK$571,684 million to approximately HK$573,527 million. There are many factors affecting the growth of the Group's deposits, some of which are beyond the Group's control, such as economic and political conditions, the availability of alternative investment choices (including but not limited to securities issued by governmental or corporate entities, unit trusts and mutual funds, investment-linked assurance schemes and structured investment products), change of government monetary policy and retail customers' changing perceptions towards savings. There can be no assurance that the Group will be able to maintain or grow its customer deposits to support its business.

As part of its measures to maintain the liquidity of, and confidence in, the Hong Kong financial markets, the Hong Kong Deposit Protection Board enhanced the Deposit Protection Scheme with an increased protection limit of HK$500,000 and expanded coverage including deposits pledged as security, came into effect on 1 January 2011. On 24 March 2016, the Deposit Protection Scheme (Amendment) Ordinance 2016 (the "**2016 Amendment Ordinance**") came into effect. Amongst other things, a gross payout approach is adopted for the determination of compensation under the Deposit Protection Scheme in case the scheme is triggered. Under this approach, any compensation paid to depositors is determined on the basis of their aggregate protected deposits held with a failed bank (up to HK$500,000 per depositor) without deducting the amount of liabilities owed by those depositors to the same bank. The gross payout approach enables the affected depositors to have faster access to their deposits. There can be no assurance that the level of customer deposits, and therefore of the Group's liquidity, will not be adversely affected by the withdrawal of, or any changes to, the Deposit Protection Scheme in the future.

In addition, the statutory LCR and NSFR requirements came into effect on 1 January 2015 and 1 January 2018, respectively. The Group endeavours to comply with the regulatory requirements including these ratios at all times. The Group holds sufficient high quality liquidity assets ("**HQLA**"), which consist of cash, exchange fund bills and notes, high quality government debt securities and other equivalent liquid marketable assets to fulfill the LCR and NSFR requirements. In times of liquidity stress, the stock of HQLA can be easily and immediately converted into cash to meet unexpected and material cash outflows.

The Monetary Authority acts as the lender of last resort to all authorized institutions in Hong Kong to provide liquidity support in the banking system generally as well as to specific institutions. As at 31 December 2019, approximately 21.7% of BEA's interest-earning assets are acceptable to the Monetary Authority for such emergency funding support, and such asset figures are subject to review by the Monetary Authority twice a month. Although HKSARG has in the past taken measures on a case-by-case basis to maintain or restore public confidence in individual banks with an isolated liquidity crisis, there can be no assurance that the Monetary Authority will provide such assistance in the future or that it would elect to provide such assistance in the future to BEA in the event of a liquidity crisis.

If the Group fails to maintain its expected growth rate in deposits or if a substantial portion of the Group's depositors withdraw their demand deposits or do not roll over their time deposits upon maturity, the liquidity position, financial condition and results of operations of the Group may be materially and adversely affected and the Group may need to seek more expensive sources of funding to meet its funding requirements.

Interest Rate Risk

As with most banks, the Group's net interest income is a significant factor in determining its overall financial performance. For the year ended 31 December 2017, the Group's net interest income from continuing operations represented approximately 74.2% of its operating income from continuing operations, while for the years ended 31 December 2018 and 2019, the Group's net interest income represented approximately 75.9% and 73.7% of its operating income. Interest rates in Hong Kong have remained relatively low in recent years. However, there can be no assurance that interest rates will not rise or fall or become volatile or that changes in interest rates will not be frequent. Changes in market interest rates affect the interest to be received on the Group's interest-earning assets and the interest to be paid on the Group's interest-bearing liabilities. The Group realises income from the margin between income earned on its assets and interest paid on its liabilities. The Group's net interest rate margins, being the net interest income divided by the interest bearing assets of the Group, for the years ended 31 December 2017, 2018 and 2019 were approximately 1.7%, 1.7% and 1.9%, respectively. As assets and liabilities are repriced at different times, the Group is vulnerable to fluctuations in market interest rates. As a result, volatility in interest rates could have an adverse effect on the Group's business, financial condition, liquidity and results of operations.

An increase in interest rates could lead to a decline in the value of securities in the Group's portfolio. A sustained increase in interest rates could also raise the Group's funding costs without a proportionate increase, or any increase at all, in loan demand. Rising interest rates would therefore require the Group to re-balance its assets and liabilities in order to minimise the risk of potential mismatches and maintain its profitability. In addition, high interest rate levels may adversely affect the economy in Hong Kong and the financial condition and repayment ability of its corporate and retail borrowers, including holders of credit cards, which in turn may lead to a deterioration in the Group's credit portfolio.

Classification of Advances and Adequacy of Allowance for Advance Losses

In 2007, Hong Kong implemented the Revised Framework of International Convergence of Capital Measurement and Capital Standards ("**Basel II**"). In accordance with guidelines set by the Monetary Authority, BEA obtained approval to adopt the Foundation Internal Ratings-based Approach, and classifies its advances into twenty grades under which impaired loans are classified into one of the following three categories corresponding to levels of risk: "Sub-standard", "Doubtful" and "Loss". Please see "*Selected Statistical and Other Information*" for further information. The classification of impaired advances depends on various quantitative and qualitative factors, including the number of months by which payments have fallen into arrears, the type of advance, the tenor of the advance and the expected recovery status of the advance.

In December 2010, the Basel Committee on Banking Supervision (the "**Basel Committee**") issued the final regulatory framework under the new Basel Capital Accord of the Bank for International Settlements (known as "**Basel III**") presenting the Basel Committee's reforms to strengthen capital and liquidity standards in order to promote a more resilient banking sector.

In line with the international implementation timetable set by the Basel Committee, the Basel III rules pertaining to capital standards have been enacted into local banking regulations and implemented in Hong Kong on 1 January 2013.

The laws, regulations and guidelines governing the banking industry in Hong Kong differ from those applicable in certain other countries in certain respects and may result in particular advances being classified as impaired loan advances at a different time or being classified in a category reflecting a different degree of risk than would be required in certain other countries. While BEA strictly follows the spirit of statutory compliance in different aspects when formulating and executing its credit policies and control guidelines, the Group is not required to maintain such policies at levels above those generally applicable to banks in Hong Kong.

Currency Risks

The majority of the Group's revenue is generated spot in Hong Kong dollars. Nonetheless, as at 31 December 2017, 2018 and 2019, the Group held a substantial part of its spot assets in U.S. dollars amounting to approximately HK$200,302 million, HK$212,810 million and HK$212,490 million, respectively, and Renminbi amounting to approximately HK$273,874 million, HK$258,066 million and HK$232,104 million, respectively. Although the Hong Kong dollar has been linked to the U.S. dollar since 1983, there can be no assurance that such linkage will be maintained in the future. In order to ensure continued liquidity of the Hong Kong dollar, the Monetary Authority has entered into bilateral repurchase agreements with the central banks of Australia, Mainland China, Indonesia, Japan, Korea, Malaysia, New Zealand, the Philippines, Singapore and Thailand. In addition, HKSARG has in the past expressed its commitment to maintaining exchange rate stability under the Linked Exchange Rate System, an automatic interest rate adjustment mechanism. However, there can be no assurance that the Hong Kong dollar will continue to be linked to the U.S. dollar or that, in the event of a liquidity problem affecting the Hong Kong dollar, such bilateral repurchase agreements or automatic interest rate adjustment mechanism will help to maintain adequate liquidity of the Hong Kong dollar. The Group's business, financial condition and results of operations could be adversely affected by the impact on the Hong Kong economy of the discontinuation of the link of the Hong Kong dollar to the U.S. dollar or any revaluation of the Hong Kong dollar.

In addition, the Group generates some of its revenue in the PRC and a portion of its assets and liabilities are denominated in Renminbi. As a result, fluctuations in the exchange rate of Renminbi against the Hong Kong dollar or the U.S. dollar could affect the Group's profitability and financial condition. The volatility in exchange rates of Renminbi against the U.S. dollar and other currencies is affected by, among other factors, changes in the PRC's and international political and economic conditions and the fiscal and monetary policies of the PRC government. Also, it is difficult to predict how the Renminbi exchange rates may change in the future. There can be no assurance that Renminbi will not experience significant fluctuations against the U.S. dollar or other currencies in the future.

The Group's Unsecured Lending Portfolio

A part of the Group's corporate loan portfolio comprises unsecured loans, the repayment of which is largely dependent on the cashflow of the borrowers and adherence to the financial covenants contained in the loans. The majority of the Group's personal banking loan portfolio comprises loans secured by properties while the remaining portion comprises mainly unsecured personal loans and credit card receivables, which generally carry higher rates of interest. As at 31 December 2017, 2018 and 2019, approximately 65.7%, 62.0% and 60.9%, respectively, of the Group's total loans and advances to customers were secured. Although the Group carefully assesses the repayment ability of such borrowers, loan products which are not secured by any collateral entail a higher degree of credit risk than secured loan products. If there is a downturn in the economy, the credit quality and charge-off rates experienced by the Group may deteriorate.

Quality of the Group's Loan Portfolio or Investment Securities, or Other Assets

The Group's business could be materially and adversely affected by any deterioration in the quality of its loan portfolio or investment securities, or other assets. Risks from changes in credit quality and the recoverability of loans and amounts due from counterparties as well as risks from the Group's investment activities are inherent in a wide range of the Group's businesses. The Group's impaired loans represented approximately 1.22% of its total loans and advances to customers as at 31 December 2019. The Group may not be able to control effectively the level of impaired loans in its current loan portfolio or the level of new loans that may become impaired in the future. In particular, the amount of the Group's impaired loans may increase in the future due to a deterioration in the quality of its loan portfolio or a substantial increase in the amount of its new loans.

Deterioration in the quality of the Group's loan portfolio, investment securities or other assets may occur for a variety of reasons, including factors which are beyond the Group's control, such as a slowdown in growth of the Hong Kong, the PRC or global economies, a relapse of a global credit crisis, volatility in interest rates and market liquidity, and other adverse macroeconomic trends and financial conditions in Hong Kong, the PRC, Europe and other parts of the world. These factors may cause operational, financial and liquidity problems for the Group's borrowers and the issuers of the Group's investment securities. For example, some of the Group's borrowers or issuers of the Group's investment securities, such as those in the aviation and logistics sectors, may be adversely affected, either directly or indirectly, by the prolonged disruptions to manufacturing and global supply chains and closures of facilities, or diminished demand for their products and services, caused by the COVID-19 pandemic. Adverse impacts on the ability of such borrowers and issuers to service their outstanding debt or fulfil their payment obligations under the securities issued may have a material adverse impact the quality of the Group's loan portfolio and investment securities.

Other factors may also cause the asset quality of the Group's loan portfolio to deteriorate and the market value of its securities investment to decrease, including actual or perceived failure or worsening credit of counterparties (in particular, those counterparties to which the Group has substantial exposure), declines in residential and commercial property prices, higher unemployment rates and reduced profitability of corporate borrowers. Moreover, to the extent that a material portion of the Group's loans has been extended to a relatively small number of counterparties, the overall quality of its loan portfolio could be adversely affected by a decline in the credit quality of such borrowers. In addition, the Group's expansion in the PRC and overseas markets may potentially impact the quality of its loan portfolio, where the Group is less able to control its loan portfolio quality and where uncertainties in economic and monetary policies are likely to severely affect its borrowers. Additionally, in connection with its periodic examinations of BEA's operations, the Monetary Authority may in the future require BEA to change the classification of some of its loans which may increase the level of the Group's impaired loans. If the level of the Group's impaired loans or write-offs in its investment securities and other assets increases, its business, financial condition and results of operations may be materially and adversely affected.

The Group may not be able to realise the full value of its collateral as a result of a downturn in the real estate markets, delays in bankruptcy and foreclosure proceedings, fraudulent transfers by borrowers and other factors beyond its control. Any decline in the value of the collateral securing the Group's loans may result in an increase in its impairment allowances and a reduction in the recovery from collateral realisation, which may adversely affect its business, financial condition and results of operations.

Different Loan Classification and Provisioning System

The Group's impaired loans are sub-divided into three categories: "sub-standard" (Grade 18), "doubtful" (Grade 19) and "loss" (Grade 20). When the repayment of an advance is uncertain (for example, there is a past-due record of 90 days or more), the Group downgrades the advance to sub-standard. If full recovery of the advance is in doubt and the Group expects to sustain a loss of principal or interest, the Group classifies the advance as doubtful. Loss advances are those which are considered non-collectible after exhausting all collection efforts, such as the realisation of collateral and the institution of legal proceedings, and the liquidator or official receiver has ascertained the relevant recovery ratio.

The laws, regulations and guidelines governing banking business in Hong Kong differ from those applicable in certain other countries in certain respects and may result in particular loans being classified at a different time or being classified in a category reflecting a different degree of risk than would be required in certain other countries. In addition, the typical procedures for writing off loans in Hong Kong may result in loans being written-off later than would be the case for banks in certain other countries. Banks in Hong Kong may accrue interest on "sub-standard" loans in situations where such interest would not be accrued by banks in certain other countries. Whilst BEA believes that its loan provisioning policies are more prudent than those which are required under Hong Kong laws and regulations, the Group is not required to maintain such policies at levels above those generally applicable to banks in Hong Kong.

Investments in Debt Securities

The Group holds a portfolio of debt securities with different investment grades. The Group has analysed its investments in debt securities according to the designation of external credit institutions such as Moody's. As at 31 December 2019, the Group had a total investment in debt securities of approximately HK$160,138 million, of which approximately 4% were rated Aaa, approximately 21% were rated between Aa1 to Aa3, approximately 36% were rated between A1 to A3, approximately 30% were rated lower than A3 and approximately 9% were unrated.

Given the uncertainties in the current credit and capital markets, there can be no assurance that the Group will not suffer any future marked-to-market losses on its original investment amount in its portfolio of debt securities.

Operational Risks Associated with the Group's Industry

Like all other financial institutions, the Group is exposed to many types of operational risks resulting from inadequate or failed internal processes, people and systems or from external events, including the risk of fraud, unauthorised transactions or other misconduct by employees (including the violation of regulations for the prevention of corrupt practices, and other regulations governing the Group's business activities), unintentional or negligent failure to meet professional obligation to specific clients (including fiduciary and suitability requirements), or operational errors, including clerical or record keeping errors or errors resulting from faulty computer or telecommunications systems.

There can be no assurance that any of such operational risks or operational errors will not materialise or occur in the future, or that, if such risks or errors do materialise or occur, the Group's business, reputation, results of operations and financial conditions will not be adversely affected. The Group is further exposed to the risk that external vendors may be unable to fulfill their contractual obligations to it (or will be subject to the same risk of fraud or operational errors by their employees).

Given the Group's high volume of transactions, certain errors may be repeated or compounded before they are discovered and successfully rectified. In addition, the Group's dependence upon automated systems to record and process transactions may further increase the risk of technical system flaws or employee tampering or manipulation of those systems that will result in losses that may be difficult to detect. The Group may also be subject to disruptions of its operating systems, arising from events that are wholly or partially beyond its control (including, for example, computer viruses or electrical or telecommunication outages), which may give rise to a deterioration in customer service and to loss or liability to it. The Group also faces the risk that the design of its controls and procedures may prove inadequate or are circumvented, thereby causing delays in detection of errors in information.

Although, like other financial institutions, the Group maintains a system of controls designed to reduce operational risks to a reasonably low level, the Group has suffered losses from operational risks and there can be no assurance that the Group will not suffer material losses from operational risks in the future. The Group's reputation could be adversely affected by the occurrence of any such events involving its employees, customers or third parties. In addition to internal factors that may affect the Group's operations, the rapid growth and expansion of its business in recent years may have also resulted in increasing complexity in its internal and external control systems and risk management measures, which may add to its operational risks.

In addition, risks of substantial costs and liabilities are inherent in the Group's operations and there can be no assurance that significant costs and liabilities will not be incurred, including those relating to claims for damages to property or persons. Insurance policies for civil liability and damages taken out by the Group might prove to be significantly inadequate, and there can be no assurance that the Group will always be able to maintain an adequate level of coverage at least equal to the Group's current coverage and at the same cost. The frequency and magnitude of natural disasters seen over the past few years could have a significant impact on the capacities of the insurance and reinsurance market and on the costs of civil liability and damages insurance cover for the Group.

Legal, Litigation and Regulatory Proceedings

The Group is involved, from time to time, in legal proceedings arising in the ordinary course of its operations. Please see "*Business of the Group — Litigation*" for further information. Litigation arising from any failure, injury or damage from the Group's operations may result in the relevant member of the Group being named as defendant in lawsuits asserting large claims against such member of the Group or subject such member of the Group to significant regulatory penalties. These risks often may be difficult to assess or quantify and their existence and magnitude often remain unknown for substantial periods of time. Actions brought or investigations against the Group or the Issuer's directors, officers or employees may result in settlements, injunctions, fines, penalties or other results adverse to the Group's reputation, financial condition and results of operations. Even if the Group is successful in defending against these actions or investigations, the costs of such defence may be significant. In market downturns, the number of legal claims and amount of damages sought in litigations and regulatory proceedings may increase. A significant judgment, arbitration award or regulatory action against the Group, or a disruption in the Group's business arising from investigations or adverse adjudications in proceedings against the Issuer's directors, senior management or key employees, would materially and adversely affect the Group's liquidity, business, financial condition, results of operations and prospects.

In addition, the Group may have disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavourable decrees that may result in liabilities. Also, in the event that the Group makes any other investments or acquisitions in the future, there can be no assurance that the Group would not have any exposure to any litigation or arbitration proceedings or other liabilities relating to the acquired businesses or entities.

Compliance Risks Associated with Sanctions

The United States currently imposes various economic sanctions, which are administered by the U.S. Treasury Department's Office of Foreign Assets Control and which apply only to U.S. persons and, in certain cases, to foreign subsidiaries of U.S. persons or to transactions involving certain items subject to U.S. jurisdiction, including but not limited to restricting the ability of U.S. persons to invest in, or otherwise engage in business with, certain countries and specially designated nationals. Similar sanctions are administered by the United Kingdom, the European Union, the United Nations Security Council and other applicable jurisdictions. These sanctions are intended to address a variety of policy concerns, among other things, denying certain countries, and certain individuals and entities, the ability to support international terrorism and to pursue weapons of mass destruction and missile programmes. The Group may incur higher costs and face greater compliance risks in structuring and operating its businesses to comply with the laws and regulations in relation to these sanctions. In addition, if the Group or any of its customers engages in any prohibited transactions by any means or it was otherwise determined that any of the Group's or its customers' transactions violated applicable sanctions-related regulations, the Group could be directly or indirectly subject to penalties and its reputation and ability to conduct future business in the U.S. or other relevant jurisdictions or with U.S. persons or other relevant persons could be adversely affected. As the Group's business, financial condition and results of operations may be adversely affected, the Issuer's ability to service payments under the Notes and to satisfy its other obligations under the Notes may also be adversely affected.

The Implementation of new HKFRS including but not limited to HKFRS 9 and HKFRS 16

Accounting standards applicable to the Group's business may change or be amended from time to time. Any changes in these accounting standards may result in changes in the recognition, measurement and/or classification of the Group's revenue, expenses, assets and liabilities, which could have material effects on the Group's results of operations and financial position.

With effect from 1 January 2018, HKFRS 9 has replaced HKAS 39. Following the adoption of HKFRS 9, BEA is required to re-classify and re-measure (including impairment measurement) certain of its financial instruments from 1 January 2018 without requiring any restatement of the corresponding figures of the prior period. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 were recognised in retained earnings and reserves as at 1 January 2018. Accordingly, BEA's historical financial information as at and for the year ended 31 December 2017 may not be directly comparable against BEA's financial information after 1 January 2018. As permitted by HKFRS 9, BEA has elected to continue to apply the hedge accounting requirements of HKAS 39. Investors must therefore exercise caution when making comparisons of any financial figures after 1 January 2018 against BEA's historical financial figures prior to 1 January 2018 and when evaluating BEA's financial condition and results of operations.

In addition, from 1 January 2019, the Group adopted HKFRS 16 that had become effective on the same day. It introduces a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. The Group has applied HKFRS 16 using the modified retrospective approach, under which the comparative information presented for the year ended 31 December 2018 has not been restated. Please see note 3 to the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2019 for further information.

Further, the Hong Kong Institute of Certified Public Accountants may issue new and revised standards and interpretations in the future. Interpretations on the application of HKFRS will also continue to develop. These factors may require the Group to adopt new accounting policies from time to time. The adoption of new accounting policies or new HKFRS in the future may have a material impact on the Group's results of operations and financial position.

Information Technology Systems

The Group is highly dependent on the ability of its information technology systems to process accurately a large number of transactions across numerous and diverse markets and its broad range of products in a timely manner. The proper functioning of its financial control, risk management, accounting, customer service and other data processing systems, together with the communication networks between its various branches and sub-branches and its main data processing centres, are critical to its business and its ability to compete effectively. Although there is backup data for key data processing systems and the Group has established a backup system to carry on principal functions in the event of a catastrophe or a failure of its primary systems, there can be no assurance that the Group's operations will not be materially disrupted if there is a partial or complete failure of any of these primary information technology systems or communications networks. Such failures could be caused by, among other things, software bugs, computer virus attacks or conversion errors due to system upgrading. In addition, any security breach caused by unauthorised access to information or systems, loss or corruption of data and malfunction of software, hardware or other computer equipment could have a material adverse effect on the Group's business, reputation, results of operations and financial condition.

In addition, the Group's ability to remain competitive will depend in part on its ability to upgrade its information technology systems on a timely and cost-effective basis. Additionally, the information available to and received by the Group through its existing information technology systems may not be timely or sufficient for the Group to manage risks and plan for, and respond to, market changes and other developments in its current operating environment. The Group is making, and intends to continue to make, investments to improve or upgrade its information technology systems. Any substantial failure to improve or upgrade its information technology systems effectively or on a timely basis could have a material adverse effect on the Group's competitiveness, financial condition and results of operations.

Internet Banking Services

To the extent that the Group's internet banking activities involve the storage and transmission of confidential information, security breaches could expose the Group to possible liability and damage the Group's reputation. The Group's networks may be vulnerable to unauthorised access, computer viruses and other disruptive problems. Costs incurred in rectifying any such disruptive problems may be high and may adversely affect the Group's business, financial condition and results of operations. Concerns regarding security risks may deter the Group's existing and potential customers from using its internet banking products and services. Eliminating computer viruses and alleviating other security problems may result in interruptions, delays or termination of service to users accessing the Group's Cyberbanking services. Undetected defects in software products that the Group uses when providing its Cyberbanking services, and the Group's inability to sustain a high volume of traffic, may have a material adverse effect on the Group's internet banking business.

Different Corporate Disclosure and Regulatory Requirements

BEA's issued shares are listed on SEHK and, as such, BEA is required to publish annual audited and semi-annual unaudited financial information. The amount of information publicly available to investors in Hong Kong is governed by the Listing Rules and the Banking (Disclosure) Rules (Cap. 155M) of Hong Kong regulated by the Monetary Authority.

Under the Banking Ordinance (Cap. 155) of Hong Kong (the "**Banking Ordinance**"), the Monetary Authority regulates the business activities and operations of authorized institutions and has the ability to influence banking and financial markets generally. Potential investors should be aware that regulatory requirements in Hong Kong may differ from those that prevail in other countries. Since the Group operates in the highly regulated banking and securities industries in Hong Kong, potential investors should also be aware that the regulatory authorities have been consistently imposing higher standards and developing guidelines and regulatory requirements such as the Basel III capital standards which have been adopted in Hong Kong since January 2013.

In December 2010 and January 2011, the Basel Committee issued the Basel III requirements to raise the quality, consistency and transparency of banks' capital base and new global liquidity standards. Among other things, Basel III increases the minimum capital adequacy ratio requirements in relation to risk-weighted assets, with the common equity requirement rising from 2% to 4.5% and the Tier 1 capital requirement rising from 4% to 6%. The minimum total capital requirement remains unchanged at 8%.

The initial stage of the Basel III capital reforms has been implemented by the government of Hong Kong since the beginning of 2013, and the full implementation of the reforms will be completed by January 2023.

These standards require banks to disclose key pieces of information on capital, risk exposures, risk assessment processes and hence capital adequacy. The aim of these standards is to encourage banks to demonstrate to the market participants that their risk management systems are robust and that all relevant risks have been identified and controlled.

Regarding the Basel III liquidity standards, the Monetary Authority has publicly announced its plan to implement the standards in full following the Basel schedule and transitional arrangement. The Banking (Liquidity) Rules (Cap. 155Q) of Hong Kong have been enacted into local regulations in October 2014 and these rules have commenced operation since 1 January 2015. The Group has fully complied with the Basel III liquidity standards in accordance with the legislation. The Group's liquidity position and required disclosures have been discussed in the 2019 annual report of the Issuer and/or the Banking Disclosure Statement of the Issuer for the period ended 31 December 2019.

Certain products and services provided by the Group are regulated by other regulators including the Securities and Futures Commission (the "**SFC**") in Hong Kong. The Group carefully manages legal and compliance risks, including in relation to the sale of financial products and compliance with anti-money laundering and anti-terrorist financing regulations. From time to time, the regulators in Hong Kong have introduced recommendations which are intended to provide tighter control and more transparency in the Hong Kong banking sector, in particular, in relation to the selling of investment, insurance and mandatory provident fund ("**MPF**") products and the provision of general banking services to retail customers.

In May 2010, the Monetary Authority and the SFC each launched new investor protection measures. The Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and its subsidiary legislations regulate the offering and sales of securities products as defined under Schedule 1 of the SFO. In addition to the subsidiary legislations, the Monetary Authority has been introducing additional measures on sales of investment products, including non-SFO regulated investment products, for the banking industry in Hong Kong to observe.

Among others, the Monetary Authority, from time to time, issues circulars in relation to the selling of investment, insurance and MPF products, which further clarified and enhanced the product due diligence process, product disclosure to customers and suitability assessment. With regards to the investment products with relatively complex structure and higher risk (such as accumulators and high yield or complex bonds), the Monetary Authority also specified the regulatory standards for selling these products.

Having regard to the changing market landscape and technological advancement in the recent years, the Monetary Authority has conducted a holistic review and introduced refinements to the investor protection measures in relation to the selling of investment, insurance and MPF products. These refined measures will take effect in September 2020 and March 2021. In 2019, the SFC also released new guidelines setting out the requirements applicable to online distribution and advisory platforms for investment products operated by intermediaries, and revised the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission for facilitating new approaches for account opening, such as online onboarding, and meriting greater protection to investors, by introducing enhanced disclosure and suitability requirements in offering complex investment products to investors.

Separately, a new licensing and regulatory regime for insurance intermediaries under the Insurance Ordinance (Cap. 41) of Hong Kong has taken effect since September 2019. For the purpose of implementing this new regulatory regime, the Insurance Authority (the "**IA**") has issued a number of rules, codes guidelines setting out requirements applicable to licensed insurance intermediaries. BEA and its Group companies acting as licensed insurance intermediaries are therefore required to comply with all applicable statutory and regulatory requirements promulgated by the IA as well as the Monetary Authority from time to time in their carrying of regulated activities under the Insurance Ordinance.

Going forward, it is foreseeable that there would be further reinforcements and more stringent requirements on the regulations, particularly those in relation to suitability of selling investment and insurance products and fairness and transparency in providing banking products and services to customers. The Group has taken steps to implement the recommendations by relevant regulators and to comply with any new or modified regulations. Increased regulations and the requirements for more stringent customer protections have increased its operational and compliance expenses. Any changes in regulations, governmental policies, income tax laws or rules and accounting principles, as well as international conventions and standards relating to commercial banking operations in Hong Kong, could affect the Group's operations. There can be no assurance that the relevant regulatory authorities will not implement further regulations and that such changes will not materially increase the Group's operational and compliance cost or adversely affect its business or operations. There can also be no assurance that breaches of legislation or regulations by the Group will not occur and, to the extent that such a breach does occur, that significant liability or penalties will not be incurred.

Occurrence (or escalation and/or intensification) of any force majeure events, political unrest or civil disobedience movements, natural disasters, outbreaks of contagious diseases and other disasters in Asia or Elsewhere

Force majeure events, natural disasters, catastrophe or other events could result in severe personal injury to the Group's staff, property damage and other damage, which may curtail the Group's operations and could in turn materially and adversely affect the Group's business, results of operations and financial condition.

A substantial part of the Group's operations are based in Hong Kong and in the PRC, which are exposed to potential natural disasters including, but not limited to, flooding and landslides. If any of the Group's property is damaged by severe weather or any other disasters, accidents, catastrophes or other events, the Group's operations may be significantly interrupted. The occurrence or continuance of any of such unforeseen events or similar events could increase the costs associated with the Group's operations and reduce its ability to operate its businesses effectively, thereby reducing its operating income and profits.

In addition, the Group's contracts with its counterparties may have force majeure provisions that permit such parties to suspend, terminate or otherwise not perform their obligations under the relevant contracts upon the occurrence of certain events such as strikes and other industrial or labour disturbances, terrorism, restraints of government, civil protests, disobedience movements or disturbances, or any natural disasters; all of which are beyond the control of the party asserting such force majeure event. If one or more of the Group's counterparties do not fulfil their contractual obligations for any extended period of time due to a force majeure event or otherwise, the Group's results of operations and financial condition could be materially and adversely affected.

Furthermore, the Group's services and operations could be interrupted by unforeseen events beyond its control, such as civil disobedience movements, social unrest and strikes. For example, there had been a series of protests and strikes in Hong Kong since June 2019, and during which some of the Group's self-service facilities were subject to vandalism and certain branches of the Group were temporarily closed. The social unrest in the second half of 2019 has adversely impacted consumer confidence, dampened consumer spending and affected inbound tourism to Hong Kong, which in turn may have a negative impact on the local economy and have a material adverse impact on the Group's business, results of operations, financial condition and prospects.

The Group's operations and financial condition could also be materially and adversely affected by any outbreak, epidemic and/or pandemic of (or the escalation and/or intensification of any outbreak, epidemic and/or pandemic of) infectious or contagious diseases and/or other adverse public health developments in the PRC, Hong Kong or elsewhere. In particular, the recent outbreak of COVID-19 in the PRC, Hong Kong and other countries has led to business suspension, travel and other restrictions, labour shortages and supply or delivery chain constraints in the PRC, Hong Kong and globally. In the beginning of February 2020, a number of branches of the Group had been closed temporarily due to the spread of COVID-19. While it is difficult to predict the extent of impact of the outbreak of COVID-19 on the Hong Kong, the PRC and global economies, the outbreak has adversely affected investment sentiment and resulted in sporadic volatility in global capital markets, which may in turn adversely affect the Group's ability to generate transaction fees, commissions and margins, particularly in the wealth management business and other fee-based activities of the Group. Volatility in global financial markets could also cause a decline in the value of assets that the Group owns and account for as investments or trading positions. The Group's operations have also been adversely affected by a decline in demand of residential mortgage advances, a reduction in the numbers of customers visiting the Group's branches, an adverse impact on quality of loan portfolio and other assets of the Group due to a weakened economy and higher unemployment rate. In addition, certain actions taken by governmental authorities that are intended to ameliorate the macroeconomic effects of COVID-19 pandemic, such as the policy rate reduction by the Federal Reserve, may have a negative impact on the Group's net interest income and the return from the Group's investment securities and other assets.

In addition, all levels of business in Hong Kong, the PRC and other Asian countries/regions were adversely affected by the outbreak of severe acute respiratory syndrome ("**SARS**") in 2003. There were also sporadic outbreaks of the H5N1 virus or "Avian Influenza A" among birds, in particular poultry, as well as some isolated cases of transmission of the virus to humans. In 2009 and 2010, there were also outbreaks among humans of the A/H1N1 influenza virus. In 2014, a number of cases of H7N9 and H10N8 viruses, different strands of Avian Influenza A, were reported in the PRC, while a few cases of H7N9 virus were reported in Hong Kong. Other recent epidemics include the Middle East Respiratory Syndrome (MERS), the H5N1 avian flu, the Ebola virus disease and the Zika virus disease. The occurrence of another outbreak of SARS, the A/H1N1 influenza virus or of any other highly contagious disease or epidemic disease (whether known or unknown to the world) (or the escalation and/or intensification of any outbreak, epidemic and/or pandemic of infectious diseases) in Hong Kong, the PRC or elsewhere may result in another economic downturn regionally and/or globally and could materially and adversely affect the overall level of business and travel activities in the affected areas and/or globally, which in turn could have a material adverse effect on the Group's business, results of operations and financial condition.

Further Issuance of Securities

The Group's financial condition, results of operations and capital position are affected by a range of factors such as economic conditions, interest rates, the credit environment, asset quality, operating income and level of provisioning. A slowdown in the economy could lead to a deterioration in the Group's asset quality and an increase in provisions for bad and doubtful debts, which may result in a deterioration of BEA's capital adequacy position or breach capital requirements under Hong Kong law, rules and regulations (including guidelines issued by the Monetary Authority). In addition, the Monetary Authority may increase BEA's required capital adequacy ratio levels in the future in response to, among other things, an adverse economic or credit environment or regulatory changes.

In order to strengthen its capital adequacy position or to ensure that it remains in compliance with applicable capital requirements under Hong Kong law, rules and regulations (including guidelines issued by the Monetary Authority), the Group may from time to time raise additional capital through such means and in such manner as it may consider appropriate including, without limitation, the issue of further subordinated notes or other hybrid capital instruments, subject to any regulatory approval that may be required. There can be no assurance that such future capital raising activities will not adversely affect the market price of the Notes in the secondary market. There can also be no assurance that the Group will be able to obtain additional capital in a timely manner, on acceptable terms or at all.

OECD's Common Reporting Standard

The Organisation for Economic Co-operation and Development (the "**OECD**") has developed a common reporting standard (the "**CRS**") and model competent authority agreement to enable the multilateral and automatic exchange of financial account information. The CRS does not include a potential withholding element. Under the CRS, financial institutions are required to identify and report the tax residence status of customers in all the countries that have endorsed the CRS.

The adoption of the CRS in the PRC and Hong Kong became effective on 1 January 2017. The PRC and Hong Kong financial institutions have begun collecting tax residency information from their account holders from 1 January 2017 for submission of information on reportable account holders in 2018. The increased due diligence of customer information and the reporting of information to the tax authorities will continue to increase operational and compliance costs for banks, including the Group.

PRICING SUPPLEMENT

PRIIPs REGULATION / PROHIBITION OF SALES TO EEA RETAIL INVESTORS — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are prescribed capital markets products (as defined in the CMP Regulations 2018) and are Excluded Investment Products (as defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

This document is for distribution to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") and in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (together, "**Professional Investors**") only. **Investors must not purchase the Notes in the primary or secondary markets unless they are Professional Investors and understand the risks involved. The Notes are only suitable for Professional Investors.**

The Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme and the Notes on Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Issuer, the Programme, the Notes or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This document together with the Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer. The Issuer accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

It is intended that the Notes will constitute "loan capital" and/or a "regulatory capital security" for the purposes of the Stamp Duty Ordinance (Cap 117) of the Laws of Hong Kong. To the extent there are any concerns, specific Hong Kong tax advice should be sought.

Pricing Supplement dated 21 May 2020

The Bank of East Asia, Limited 東亞銀行有限公司
Issue of U.S.$600,000,000 Dated Subordinated Notes due 2030
under the U.S.$6,000,000,000 Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes other than the Undated Capital Securities (the "**Conditions**") set forth in the Offering Circular dated 6 September 2019, as supplemented by the Supplementary Offering Circular dated 21 May 2020 (collectively, the "**Offering Circular**"). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the Offering Circular and this Pricing Supplement.

1		Issuer	The Bank of East Asia, Limited 東亞銀行有限公司
2	(i)	Series Number:	139
	(ii)	Tranche Number:	1
3		Specified Currency or Currencies:	U.S. dollars (U.S.$)
4		Aggregate Principal Amount:	U.S.$600,000,000
	(i)	Series:	U.S.$600,000,000
	(ii)	Tranche:	U.S.$600,000,000
	(iii)	Date on which the Notes become fungible:	Not Applicable
5	(i)	Issue Price:	99.592 per cent. of the Aggregate Principal Amount
	(ii)	Net Proceeds:	Approximately U.S.$596,652,000
6	(i)	Specified Denominations:	U.S.$250,000 and integral multiples of U.S.$1,000 in excess thereof
	(ii)	Calculation Amount:	U.S.$1,000, subject to adjustment following the occurrence of a Non-Viability Event or the exercise of any Hong Kong Resolution Authority Power
7	(i)	Issue Date:	29 May 2020
	(ii)	Interest Commencement Date:	Issue Date
8		Maturity Date:	29 May 2030
9		Interest Basis:	Fixed Rate (further particulars specified below)
10		Redemption/Payment Basis:	Redemption at par
11		Change of Interest or Redemption/ Payment Basis:	Not Applicable

12	Put/Call Options:		Issuer Call (further particulars specified below) *The Issuer shall not redeem any of the Notes unless the prior written consent of the Monetary Authority thereto shall have been obtained, to the extent such consent is required under the Banking Ordinance (Cap. 155) of Hong Kong or the Banking (Capital) Rules (Cap. 155L) of Hong Kong, or any successor legislation or regulations made thereunder, or any supervisory guidance issued by the Monetary Authority in relation thereto.*
13	(i)	Status of the Notes:	Dated Subordinated
	(ii)	Qualification of the Notes:	The Notes are intended to qualify as a Tier 2 Capital Instrument. The Notes are intended to qualify as a Loss Absorbing Instrument.
	(iii)	Date of Board approval for issuance of Notes obtained:	24 April 2020
14	Listing and admission to trading:		The Hong Kong Stock Exchange (Expected effective listing date of the Notes: 1 June 2020)
15	Method of distribution:		Syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16	Fixed Rate Note Provisions:		Applicable
	(i)	Rates of Interest:	From and including the Issue Date to but excluding 29 May 2025 (the "**Optional Redemption Date**"), 4.000 per cent. per annum payable semi-annually in arrear. From and including the Optional Redemption Date to, but excluding the Maturity Date, a fixed rate per annum (expressed as a percentage) equal to the aggregate of (a) the then-prevailing U.S. Treasury Rate and (b) the Spread, payable semi-annually in arrear. "**Calculation Business Day**" means any day, excluding a Saturday, Sunday or public holiday, on which banks are open for general business (including dealings in foreign currencies) in New York City and Hong Kong. "**Calculation Date**" means the Calculation Business Day preceding the Optional Redemption Date. "**Comparable Treasury Issue**" means the U.S. Treasury security selected by the Calculation Agent as having a maturity of five years that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities with a maturity of five years.

"**Comparable Treasury Price**" means, with respect to any Calculation Date, the average of three Reference Treasury Dealer Quotations for such Calculation Date.

"**Reference Treasury Dealer**" means each of the three nationally recognized investment banking firms selected by the Issuer that are primary U.S. Government securities dealers.

"**Reference Treasury Dealer Quotations**" means with respect to each Reference Treasury Dealer and any Calculation Date, the average, as determined by the Calculation Agent, of the bid and asked prices for the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the Calculation Agent by such Reference Treasury Dealer at 10.00 p.m. (New York City time), on such Calculation Date.

"**Spread**" means 3.750 per cent. per annum, which is calculated as (a) 4.091 per cent. per annum (being the yield on the Notes at the date of this Pricing Supplement) minus (b) 0.341 per cent. For information purposes only, (b) is the rate in per cent. per annum equal to the yield on U.S. Treasury securities having a maturity of five years as on 21 May 2020.

"**U.S. Treasury Rate**" means the rate in percentage per annum notified by the Calculation Agent to the Issuer and the Noteholders (in accordance with Condition 17) equal to the yield on U.S. Treasury securities having a maturity of five years as is displayed on Bloomberg page "PX1" (or any successor page or service displaying yields on U.S. Treasury securities as agreed between the Issuer and the Calculation Agent) at 6:00 p.m. (New York time) on the Calculation Date. If such page (or any successor page or service) does not display the relevant yield at 6:00 p.m. (New York time) on the Calculation Date, U.S. Treasury Rate shall mean the rate in percentage per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the Calculation Date. The U.S. Treasury Rate will be calculated on the Calculation Date.

(ii)	Interest Payment Dates:	29 May and 29 November in each year commencing on 29 November 2020 and ending on the Maturity Date, not adjusted
(iii)	Business Day Convention:	Not Applicable
(iv)	Fixed Coupon Amount(s):	Not Applicable

	(v) Broken Amount(s):	Not Applicable
	(vi) Day Count Fraction:	30/360
	(vii) Determination Dates:	Not Applicable
	(viii) Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
17	Floating Rate Note Provisions:	Not Applicable
18	Zero Coupon Note Provisions:	Not Applicable
19	Index Linked Interest Note Provisions:	Not Applicable
20	Dual Currency Note Provisions:	Not Applicable

PROVISIONS RELATING TO REDEMPTION

21	Call Option:	Applicable
	(i) Optional Redemption Date:	29 May 2025, subject to the prior written consent of the Monetary Authority
	(ii) Optional Redemption Amount of each Note and specified denomination method, if any, of calculation of such amount:	U.S.$1,000 per Calculation Amount, subject to adjustment following the occurrence of a Non-Viability Event or the exercise of any Hong Kong Resolution Authority Power
	(iii) If redeemable in part:	Not Applicable
	(iv) Notice period:	As set out in Condition 6(d)
22	Put Option:	Not Applicable
23	Final Redemption Amount of each Note:	U.S.$1,000 per Calculation Amount, subject to adjustment following the occurrence of a Non-Viability Event or the exercise of Hong Kong Resolution Authority Power
24	Early Redemption Amount:	U.S.$1,000 per Calculation Amount, subject to adjustment following the occurrence of a Non-Viability Event or the exercise of Hong Kong Resolution Authority Power

25	Early Redemption Amount per Calculation Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions):	U.S.$1,000 per Calculation Amount, subject to adjustment following the occurrence of a Non-Viability Event or the exercise of Hong Kong Resolution Authority Power

PROVISIONS RELATING TO NON-VIABILITY AND LOSS ABSORPTION OF DATED SUBORDINATED NOTES AND NON-PREFERRED LOSS ABSORBING NOTES

26	Loss Absorption:	Applicable
	(a) Suspension Period:	As set out in Condition 2(f)
	(b) Non-Viability Event:	As set out in Condition 7(a)
	(c) Non-Viability Event Notice:	As set out in Condition 7(a)
	(d) Write-off:	Applicable
	(e) Loss-absorbing capacity:	As set out in Condition 7
	(f) Others:	Not Applicable

GENERAL PROVISIONS APPLICABLE TO THE NOTES

27	Form of Notes:	**Registered Notes:** Regulation S Global Certificate (U.S.$600,000,000 principal amount) registered in the name of a nominee of a common depositary for Euroclear and Clearstream, Luxembourg
28	Financial Centre(s) or other special provisions relating to Payment Dates:	Not Applicable
29	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	Not Applicable
30	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	Not Applicable

31	Details relating to Instalment Notes: amount of each instalment (Instalment Amount), date on which each payment is to be made (Instalment Date):	Not Applicable
32	Other terms or special conditions:	Not Applicable

DISTRIBUTION

33	(i) If syndicated, names of Managers:	*Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers:* The Bank of East Asia, Limited (Debt Capital Markets) Citigroup Global Markets Limited Goldman Sachs (Asia) L.L.C. Standard Chartered Bank *Joint Lead Manager and Joint Bookrunner:* SMBC Nikko Capital Markets Limited *Joint Lead Managers:* ABCI Capital Limited AMTD Global Markets Limited Merrill Lynch (Asia Pacific) Limited BOCI Asia Limited CCB International Capital Limited Crédit Agricole Corporate and Investment Bank Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch Wells Fargo Securities International Limited
	(ii) Stabilisation Manager (if any):	Any of the Managers (other than The Bank of East Asia, Limited)
34	If non-syndicated, name of Dealer:	Not Applicable
35	U.S. selling restrictions:	TEFRA not applicable Regulation S (Category 2)
36	Prohibition of Sales to EEA and UK Retail Investors:	Applicable
37	Additional selling restrictions:	Not Applicable
38	Private bank rebate/commission:	Not Applicable

OPERATIONAL INFORMATION

39	ISIN Code:	XS2168040744
40	Common Code:	216804074
41	CMU Instrument Number:	Not Applicable
42	Legal Entity Identifier (LEI):	CO6GC26LCGGRTUESIP55
43	Any clearing system(s) other than The Central Moneymarkets Unit Service and/or Euroclear Bank, SA/NV and Clearstream Banking S.A. and the CMU and the relevant identification number(s):	Not Applicable
44	Delivery:	Delivery against payment
45	Names and addresses of additional Paying Agent(s) (if any):	Not Applicable

GENERAL

46	The aggregate principal amount of Notes issued has been translated into U.S. dollars at the rate of ____, producing a sum of (for Notes not denominated in U.S. dollars):	Not Applicable
47	In the case of Registered Notes, specify the location of the office of the Registrar if other than Luxembourg:	Not Applicable
48	In the case of Bearer Notes, specify the location of the office of the Issuing and Paying Agent if other than Dublin, Ireland:	Not Applicable
49	Governing Law:	English law, save that Conditions 3(e), 3(f) and 7 shall be governed by, and construed in accordance with, the laws of Hong Kong
50	Ratings:	The Notes to be issued are expected to be rated: Moody’s Investor Service, Inc.: Baa3 Standard & Poor ’s Rating Services, a division of the McGraw-Hill Companies: BBB-

PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for issue and admission to trading on the Hong Kong Stock Exchange of the Notes described herein pursuant to the U.S.$6,000,000,000 Medium Term Note Programme.

STABILISATION

In connection with this issue, any of the Managers (other than The Bank of East Asia, Limited) (the "**Stabilisation Manager**") (or persons acting on behalf of any Stabilisation Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period after the closing date of the relevant Tranche of Notes. However, there is no obligation on such Stabilisation Manager to do this. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager (or persons acting on behalf of any Stabilisation Manager) in accordance with all applicable laws and rules.

INVESTMENT CONSIDERATIONS

There are significant risks associated with the Notes including, but not limited to, counterparty risk, country risk, price risk and liquidity risk. Investors should contact their own financial, legal, accounting and tax advisers about the risks associated with an investment in these Notes, the appropriate tools to analyse that investment, and the suitability of the investment in each investor 's particular circumstances. No investor should purchase the Notes unless that investor understands and has sufficient financial resources to bear the price, market liquidity, structure and other risks associated with an investment in these Notes. In particular, investors in the Notes should read the section titled "Investment Considerations" contained the Offering Circular, including but not limited to the risk factors titled "Considerations relating to the Notes and the Undated Capital Securities" and "Considerations relating to Non-Preferred Loss Absorbing Notes, Dated Subordinated Notes and Undated Capital Securities", which apply to the issue of Notes described herein.

Before entering into any transaction, investors should ensure that they fully understand the potential risks and rewards of that transaction and independently determine that the transaction is appropriate given their objectives, experience, financial and operational resources and other relevant circumstances. Investors should consider consulting with such advisers as they deem necessary to assist them in making these determinations.

MATERIAL ADVERSE CHANGE STATEMENT

There has been no significant change in the financial or trading position of the Issuer or the Group since 31 December 2019 and no material adverse change in the financial position or prospects of the Issuer or the Group since 31 December 2019.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of The Bank of East Asia, Limited 東亞銀行有限公司:

By: ______________________________

Duly authorised

CAPITALISATION AND INDEBTEDNESS

This section replaces the section headed "Capitalisation and Indebtedness" included on pages 57 to 58 of the Original Offering Circular in its entirety.

As at 31 December 2019, BEA had an issued and fully paid up share capital of approximately HK$41,379 million consisting of approximately 2,906 million ordinary shares.

The following table sets forth the Group's consolidated capitalisation and indebtedness as at 31 December 2019 and as adjusted for the issue of the Notes:

	As at 31 December 2019	
	Actual	**As adjusted**
	HK$ (in millions)	**HK$ (in millions)**
Short-term borrowings[1]		
Customer deposit accounts	564,252	564,252
Certificates of deposits in issue	73,799	73,799
Deposits from banks	27,909	27,909
Debt securities issue	156	156
Loan capital	4,699	4,699
Total short-term borrowings	670,815	670,815
Medium-term borrowings[2]		
Customer deposit accounts	9,273	9,273
Certificates of deposit issued	260	260
Debt securities issue	3,025	3,025
Deposits from banks	6	6
Loan capital	5,539	5,539
Total medium-term borrowings	18,103	18,103
Capital resources		
Share capital	41,379	41,379
Reserves	53,928	53,928
Shareholders' funds	95,307	95,307
Additional equity instruments	13,963	13,963
Non-controlling interests	368	368
Total Notes to be issued[3]	—	4,680
	14,331	19,011
Total capital resources	109,638	114,318
Total capitalisation[4]	127,741	132,421
Short-term borrowings and total capitalisation	798,556	803,236

Notes:

(1) Short-term borrowings represent the remaining maturity not more than one year.

(2) Medium-term borrowings represent the remaining maturity between one year to five years.

(3) Notes to be issued of U.S.$600,000,000 (before deducting the fees and commissions and other estimated expenses payable in connection with the offering of the Notes) have been translated into HK$ for convenience purpose at a rate of U.S.$1.00 to HK$7.80.

(4) Total capitalisation comprises total medium-term borrowings and total capital resources.

Save as disclosed in this Offering Circular, there has been no material adverse change in the Group's total capitalisation and indebtedness since 31 December 2019.

BUSINESS OF THE GROUP

This section replaces the section headed "Business of the Group" included on pages 59 to 77 of the Original Offering Circular in its entirety.

INTRODUCTION

Overview

Incorporated in 1918, BEA is a leading Hong Kong-based financial services group listed on the HKSE.

The Group provides a comprehensive range of corporate banking, personal banking, wealth management and investment services. The Group's products and services include syndicated loans, trade finance, deposit-taking, foreign currency savings, remittances, mortgage loans, consumer loans, credit cards, Cyberbanking, retail investment and wealth management services, private banking, Renminbi services, foreign exchange margin trading, brokerage services, MPF services and general and life insurance.

BEA is one of the first foreign banks to have received approval to establish a locally-incorporated bank in Mainland China. As a locally-incorporated bank and a wholly-owned subsidiary of BEA, BEA (China) obtained the Financial Institution Business Permit from CBIRC on 20 March 2007 and the business licence from SAIC on 29 March 2007, BEA (China) officially commenced business on 2 April 2007. BEA (China) provides comprehensive RMB and foreign currency banking services to all customers. Services include personal banking and wealth management, loans and advances, debit cards and credit cards, Cyberbanking and cash management, private banking, investment and derivative products, agency services for life and general insurance, remittance and settlement, RMB cross-border business, trade finance facilities, supply chain financing, standby letters of credit, bank guarantees and distribution of local mutual funds.

History

Since its founding in 1918, BEA has dedicated itself to delivering professional banking services to the local community in Hong Kong, particularly small and medium enterprises. BEA set up its first branch in Mainland China in Shanghai in 1920 and has operated in Mainland China ever since. BEA's shares started trading on the local stock exchanges in Hong Kong in the early 1920s.

In 1975, BEA launched the first Hong Kong dollar credit card in conjunction with Bank of America, called the East Asia BankAmericard/VISA. In 1979, the East Asia BankAmericard/VISA credit card became the first credit card that was accepted in Mainland China as a result of an agreement between BEA and the Bank of China on foreign currency credit card settlement services.

BEA is one of the founders of Joint Electronic Teller Services Ltd. ("**JETCO**"), which was formed to set up a network of ATMs in Hong Kong and Macau. BEA is also one of the founders of EPS Company (Hong Kong) Limited ("**EPSCO**") in Hong Kong, which was formed to facilitate the electronic transfer of funds at the points of sale. In 1999, BEA was the first bank in Hong Kong to launch online stock trading through its wholly-owned subsidiary, East Asia Securities Company Limited ("**East Asia Securities**"). BEA was also the first bank in Hong Kong to provide comprehensive internet banking services to its customers, through its award-winning Cyberbanking service.

In 2008, BEA (China) became the first foreign bank to launch RMB debit cards and RMB credit cards in Mainland China.

In June 2009, BEA entered into a number of strategic cooperation agreements with Criteria CaixaCorp, S.A. (which changed its name to CaixaBank S.A. on 30 June 2011) ("**CaixaBank**"), a Spanish listed holding company controlled by "la Caixa". The agreements enable BEA to leverage the extensive resources of CaixaBank to further develop its business, including cross-border referrals, training and knowledge transfer as well as funding. The alliance with "la Caixa" group also enhances BEA's access to the financial industry in Spain, Europe and Latin America, and creates opportunities for potential joint business development in the Asia-Pacific region.

In July 2009, BEA (China) became the first locally-incorporated foreign bank to issue RMB retail bonds to retail investors and raised RMB4 billion through its debut issue of RMB bonds in Hong Kong. In September 2009, BEA (China) was granted the status of Domestic Settlement Bank and Domestic Agent Bank for cross-border RMB trade settlement services, and completed its first cross-border RMB trade settlement transaction. In November 2010, BEA (China) completed its first cross-border RMB transaction for foreign direct investment.

In June 2013, BEA (China) was among the first batch of foreign banks to be granted a local mutual fund distribution licence in Mainland China. In February 2014, BEA (China) became the first foreign bank approved by PBOC to act as a reserve bank for payment institutions. In October 2015, BEA (China) was one of the first foreign banks to be qualified as a direct participating bank of the Cross-border Interbank Payment System.

In December 2017, East Asia Qianhai Securities Company Limited ("**EA Qianhai Securities**") received licence from the China Securities Regulatory Commission for commencement of operation. BEA is the largest shareholder of EA Qianhai Securities with a 49% interest. EA Qianhai Securities is incorporated in Qianhai, Shenzhen with issued capital of RMB1.5 billion. EA Qianhai Securities is one of the few fully licensed securities companies established under Supplement X of CEPA.

As the first foreign bank to enter Qianhai, BEA (China) took the lead in setting up its Qianhai Sub-branch in early 2013, focusing on supporting and serving the development of the zone. In July 2018, BEA (China) became the first foreign bank to receive approval to open a full branch in Qianhai.

RECENT DEVELOPMENTS

Disposal of Minority Equity Interest in PRASAC

On 6 January 2020, BEA entered into a sale and purchase agreement and other documentation (collectively, the "**Transaction Documents**") with, amongst others, Kookmin Bank Co., Ltd. ("**Kookmin Bank**") in relation to, *inter alia*, BEA's sale of shares representing 21% of the registered share capital of PRASAC Microfinance Institution Limited ("**PRASAC**"), to Kookmin Bank (the "**Disposal**"). Completion of the Disposal is conditional on, amongst other conditions, approvals from the Financial Services Commission of South Korea and the National Bank of Cambodia.

Please refer to BEA's announcement on HKSE entitled "Voluntary Announcement — Disposal of Shares in PRASAC Microfinance Institution Limited" and dated 7 January 2020 for further information.

Strategic Review of BEA's Portfolio of Businesses and Assets

On 4 March 2020, BEA announced that it will be carrying out a comprehensive review of its portfolio of businesses and assets, to ensure alignment with its strategic priorities and increase shareholder value. The review will focus on the identification of potential strategic transactions which would enhance the value of BEA's existing businesses and assets, as well as strategic alternatives for potentially non-core assets.

Please refer to BEA's announcement on HKSE entitled "Strategic Review of the Bank's Portfolio of Businesses and Assets" and dated 4 March 2020 for further information.

The Outbreak of COVID-19

The recent outbreak of COVID-19 has caused substantial disruptions in Hong Kong, the PRC and international economies and markets as well as additional uncertainties in the Group's operating environment. In the beginning of February 2020, BEA activated its established emergency response protocol for infectious diseases, introducing work-from-home arrangements where practicable and appropriate. A number of branches had been closed temporarily in an effort to limit the spread of COVID-19, as well as protect both its customers and staff members' health and safety. The Group has been closely monitoring the impact of the developments on the Group's businesses and will keep its contingency measures and risk management under review as the situation evolves.

Please see "*Investment Considerations — Considerations Relating to the Group — Occurrence (or escalation and/or intensification) of any force majeure events, political unrest or civil disobedience movements, natural disasters, outbreaks of contagious diseases and other disasters in Asia or Elsewhere*" for further information.

STRATEGY

BEA's core objectives are to strengthen its position and to further develop its domestic franchise as the largest independent local bank in Hong Kong, and to further diversify its operations and expand its operations in Mainland China and other overseas countries. The Group will continue to maintain its growth strategy for its businesses and operations and, at the same time, keep up the process of enhancing its cost-to-income performance. Given the increasingly close economic connection among Mainland China, Hong Kong and the countries of Southeast Asia, the Group will continue to integrate its services across Hong Kong, Mainland China and international networks and capitalise new business opportunities in the Guangdong — Hong Kong — Macau Greater Bay Area (the "**Greater Bay Area**"). The key components of the Group's strategy are below.

Further Expansion in Mainland China and Other Overseas Countries

BEA intends to continue to develop the Group's business in Mainland China and other overseas markets. The Mainland China market remains an important focus for the Group. BEA intends to consolidate and strengthen the Group's position in Mainland China through capitalising on opportunities arising from the liberalisation of the banking sector and the internationalisation of RMB. Through the establishment of a locally-incorporated bank, BEA (China), the Group is able to provide a comprehensive range of RMB and foreign currency banking products and services to customers in Mainland China. BEA (China) will continue to optimise the use of its assets and its Mainland China – Hong Kong connection to deliver a wide range of tailored services for its customers, in particular to meet the demands of high net-worth and corporate customers in Mainland China seeking to expand their businesses in Hong Kong and overseas. As a key driver of growth, BEA (China) will further strengthen cross-border businesses among Mainland China, Hong Kong and overseas to capture opportunities arising from increasing business flows to and from Mainland China. Leveraging the Group's international banking experience and long history of presence in Mainland China, BEA (China) aims to position itself as "the most localised foreign bank in Mainland China".

Given the size of the Mainland China market and the extensive physical presence of the domestic banks, BEA does not intend to compete with the domestic banks directly by opening an extensive branch network. Instead, the Group will accelerate the development of mobile platforms, such as mobile banking, WeChat banking and tablet banking, to extend its reach to customers. BEA (China) currently focuses on lending to high quality customers, such as state-owned enterprises, listed companies, customers who have long-standing business relationship with the Group and privately-owned enterprises with good credit standing in sectors such as public utilities, storage and logistics, pharmaceuticals and health, energy-saving and environmental protection, food safety as well as education and training. Additionally, BEA (China) focuses on enhancing its product and service capabilities in areas such as trade finance, transaction banking and investment banking. Treasury products are another promising area for growth. BEA (China) launched cross-currency swaps in 2016, and has made significant inroads into the onshore RMB options market.

In view of the internationalisation of RMB, the Group continues to further strengthen collaboration among its business units in Hong Kong, Mainland China and overseas. To capture opportunities arising from increasing business flows to and from Mainland China, BEA (China) provides integrated cross-border financial services for both trade and non-trade transactions, so as to meet clients' growing needs in overseas acquisitions and business expansion. Furthermore, BEA (China) is working closely with other business units of the Group to capture opportunities arising from the Belt and Road and Greater Bay Area initiatives in particular.

BEA (China) is also placing greater emphasis on retail banking as a source of higher yields. In 2018, BEA (China)'s retail banking transformed its growth path by deepening cooperation with strategic partners in certain areas such as consumer finance and internet finance. It also utilises partnerships to offset risks and leverage its operation expertise as it seeks new business opportunities. In 2018, BEA (China)'s retail lending increased and its customer base for consumer finance increased by five times as compared to 2017. Also, BEA (China) plans to target high net-worth customers with tailored wealth management solutions. It will further strengthen cross-selling synergies between corporate and personal banking in Mainland China.

BEA (China) intends to optimise its branch network, improve its outlet productivity, carry out a cost-effective branch network and readjust the layout of its sub-branches according to business needs. By streamlining its operations through digitalisation and process enhancement, BEA (China) is well-positioned to capture more opportunities with similar resource bases.

In addition, the BEA intends to continue to expand the Group's business in other overseas markets as and when opportunities arise. Overseas branches will continue to enhance their local portfolios and expand collaboration with the head office and BEA (China) to further develop cross-border financing business, particularly for Chinese corporations' business expansion and overseas investments.

Diversification of non-interest income

The Group implements its strategy in Hong Kong by continuing to broaden its product range, upgrading product features and exploring new market opportunities. The Group's wealth management and private banking business will continue to be the focus of the Group's core business development in the near future. The Group will also continue to develop the insurance business of Blue Cross (Asia-Pacific) Insurance Limited ("**Blue Cross**") and BEA Life Limited ("**BEA Life**"), and intensify cross-selling opportunities to its existing customer base. In addition, the Group will drive and implement ongoing improvements on customer platforms, such as the Cyberbanking and BEA apps, to further enhance service quality and offer communication for new customers that are less readily accessible through traditional physical channels.

Enhancement of profitability via active capital management

BEA intends to continue to optimise the Group's asset mix through active capital management and allocation in order to enhance its profitability and net worth, with the special emphasis on the "Return on Risk-weighted Assets". The Group will also absorb low-cost deposits across all business units and implement multi-pronged strategy to reduce funding costs.

Transformation of its branch network

Through repositioning and rationalising its branch network and re-distributing resources, the Group seeks to transform its Hong Kong branches into deposit taking centres and sales centres to provide banking products and services to its customers and in particular, to target high net worth customers. The Group will endeavour to enhance its appeal to further penetrate affluent as well as young and professional segments.

BEA intends to increase the Group's investments in digital strategy to reduce the cost of banking operations, and continue to embrace technology in driving mobile transactions with payment and lifestyle features. The Group will also continue to implement a straight-through, paperless branch operation model to enhance efficiency and service delivery, and upgrade its branch services with new technologies and processes to achieve its goal of becoming the primary service provider for its clients.

In addition, BEA has established a new Digital & Innovation Office which will lead the Group's digital strategy, focusing on enhancing the Group's data analytics capabilities, strengthening the insights into customer behaviour and preferences, and building fintech solutions. BEA (China) also reallocates its resources to the construction of its online infrastructure, in alignment with customer trends. The Group aims to continue the strategy of developing innovative and user-friendly services and tools to best serve its customers, furthering its business focus on being a customer-centric financial services provider.

Organic growth and partnerships

The Group maintains a close focus on creating value for customers and investors, providing high quality financial services and seeking investment opportunities that generate favourable returns. In particular, BEA's corporate banking has been repositioned as a total solution service provider and has set up capacity to serve small-to-medium-sized enterprises and mid-market segments. BEA aims to grow organically, by providing one-stop financial services to customers, and through partnerships, by establishing partnerships to generate new business across the Group. BEA will continue to take a disciplined approach to partnerships and investments, as well as capture new business opportunities and enhance service quality by tapping into the strength and expertise of its shareholders and strategic partners.

BEA will continue to conduct periodic reviews on its business portfolio, business lines and investments in order to ensure optimal allocation of its resources.

Focus on enhancing operational efficiency

BEA aims to further enhance efficiency and market competitiveness. The Group will continue to maintain strict control over costs throughout the Group and maintain cost discipline while investing in areas that offer good growth potential. The Group will also continue to enforce and explore technological innovation to streamline the selling, servicing and operation processes. A selection of banking products will be sold with the transaction processed via a wide range of e-channels. The Group will focus on growth across its operations and implement strategies to optimise its asset and portfolio mix, as well as remaining vigilant in managing its risks and striving to enhance efficiency and productivity. In addition, the Group will allocate more resources to proactively manage its credit risk control and protect asset quality.

BUSINESS OVERVIEW

BEA has long been known for the comprehensive range of corporate banking, personal banking, financial services and insurance services that it provides to its diverse customer base. BEA's products and services include syndicated loans, trade finance, deposit-taking, foreign currency savings, remittances, mortgage loans, consumer loans, credit cards, Cyberbanking, retail investment and wealth management services, private banking, Renminbi services, foreign exchange margin trading, brokerage services, MPF services and general and life insurance.

As at 31 December 2019, BEA had 67 branches, 54 SupremeGold Centres and 11 i-Financial Centres in Hong Kong. BEA is a founding member of JETCO, which provided over 3,000 ATMs throughout Hong Kong, Macau and major cities in Mainland China as at 31 December 2019. BEA is also one of the founding members of EPSCO, which currently processes debit card transactions at more than 40,000 acceptance locations in Hong Kong, Macau and Shenzhen.

As at 31 December 2019, headquartered in Shanghai, BEA (China) operated 31 branches and 66 sub-branches in Mainland China. BEA (China) provides comprehensive RMB and foreign currency banking services to all customers. Services include but are not limited to personal banking and wealth management, loans and advances, debit cards and credit cards, Cyberbanking and cash management, private banking, investment and derivative products, agency services for life and general insurance, remittance and settlement, RMB cross-border business, trade finance facilities, supply chain financing, standby letters of credit, bank guarantees and distribution of local mutual funds.

As at 31 December 2019, BEA operated two outlets in Taiwan (including a Taiwan Offshore Banking Branch in Taipei) to provide corporate banking services. The Taiwan Offshore Banking Branch provides a wide range of foreign currency services to offshore clients. In addition, BEA has also established a presence in Macau, Southeast Asia, the United Kingdom and the United States.

The following tables set forth the Group's operating income from continuing operations and profit before taxation from continuing operations for the year ended 31 December 2017 by business segment and the Group's operating income and profit before taxation for the years ended 31 December 2018 and 2019 by business segment:

	Operating income from continuing operations	**Operating income**	
	Year ended 31 December		
	2017 (Restated[8])	**2018 (Restated[9])**	**2019**
	(in HK$ millions)		
Hong Kong Region			
Personal Banking [1]	4,168	4,114	4,584
Corporate Banking [2]	2,350	2,700	2,787
Treasury Markets [3]	39	326	558
Wealth Management [4]	832	788	777
Others [5]	2,440	2,626	3,560
Mainland China Operations [6]	4,711	4,984	6,046
Overseas Operations [7]	1,761	1,874	1,762
Inter-segment elimination	(348)	(340)	(390)
Total	**15,953**	**17,072**	**19,684**

	Profit/(Loss) before taxation from continuing operations	Profit/(Loss) before taxation	
	Year ended 31 December		
	2017 (Restated[8])	2018 (Restated[9])	2019
	(in HK$ millions)		
Hong Kong Region			
Personal Banking [1]	2,393	2,371	2,654
Corporate Banking [2]	1,758	2,329	2,347
Treasury Markets [3]	845	186	405
Wealth Management [4]	630	586	552
Others [5]	731	561	831
Mainland China Operations [6]	(227)	607	(5,179)
Overseas Operations [7]	1,435	1,420	1,588
Inter-segment elimination	—	—	—
Total	**7,565**	**8,060**	**3,198**

Notes:

(1) Personal banking includes branch operations, personal internet banking, consumer finance, property loans and credit card business to individual customers in Hong Kong.

(2) Corporate banking includes corporate lending and loan syndication, asset based lending, commercial lending, securities lending and trade financing activities with correspondent banks and corporates in Hong Kong.

(3) Treasury markets includes treasury operations and securities dealing in Hong Kong.

(4) Wealth management includes private banking business and related assets in Hong Kong.

(5) Other Hong Kong operations primarily include insurance business, trust business, securities & futures broking, corporate financial advisory, other subsidiaries in Hong Kong and supporting units of Hong Kong operations.

(6) Mainland China operations include the back office unit for Mainland China operations in Hong Kong, all subsidiaries and associates operated in Mainland China, except those subsidiaries carrying out data processing and other back office operations in Mainland China.

(7) Overseas operations include the back office unit for overseas banking operations in Hong Kong, Macau branch, Taiwan branch and all branches, subsidiaries and associates operated in overseas.

(8) Due to the change of segment grouping, certain comparative figures for the year ended 31 December 2017 have been restated to conform to the presentation of the figures for the year ended 31 December 2019.

(9) Due to the change of ownership of some customer deposits and the revision of internal fund transfer pricing methodology, some internal charges and segment grouping, certain comparative figures for the year ended 31 December 2018 have been restated to conform to the presentation of the figures for the year ended 31 December 2019.

The following tables set forth the Group's operating income from continuing operations and profit before taxation from continuing operations for the year ended 31 December 2017 by geographical location and the Group's operating income and profit before taxation for the years ended 31 December 2018 and 2019 by geographical location:

	Operating income from continuing operations	Operating income	
	Year ended 31 December		
	2017 (Restated[2])	2018 (Restated[3])	2019
		(in HK$ millions)	
Hong Kong	9,672	10,145	11,744
Mainland China[1]	4,798	5,296	6,446
Other Asian Countries/Regions	747	783	675
Others	1,084	1,188	1,209
Inter-segment elimination	(348)	(340)	(390)
Total	**15,953**	**17,072**	**19,684**

	Profit/(Loss) before taxation from continuing operations	Profit/(Loss) before taxation	
	Year ended 31 December		
	2017 (Restated[2])	2018 (Restated[3])	2019
		(in HK$ millions)	
Hong Kong	6,095	5,122	6,080
Mainland China[1]	(64)	993	(4,631)
Other Asian Countries/Regions	643	876	756
Others	891	1,069	993
Inter-segment elimination	—	—	—
Total	**7,565**	**8,060**	**3,198**

Notes:

(1) This excludes Hong Kong, Macau and Taiwan.

(2) Due to the change of segment grouping, certain comparative figures for the year ended 31 December 2017 have been restated to conform to the presentation of the figures for the year ended 31 December 2019.

(3) Due to the change of ownership of some customer deposits and the revision of internal fund transfer pricing methodology, some internal charges and segment grouping, certain comparative figures for the year ended 31 December 2018 have been restated to conform to the presentation of the figures for the year ended 31 December 2019.

The following table sets forth certain financial data and related ratios as at the dates indicated or for the periods indicated:

	As at or for the year ended 31 December		
	2017	2018	2019
	(in HK$ millions, except percentages)		
Total assets	808,942	839,451	865,198
Total of deposits from customers and certificates of deposits issued	608,150	632,604	647,586
Total loans and advances to customers and trade bills[1]	487,686	515,281	521,186
Total operating income[2]	15,953	17,072	19,684
Profit attributable to owners of the parent	9,347	6,509	3,260
Return on average assets	1.1%	0.7%	0.3%
Return on average equity	10.3%	6.3%	2.7%
Loan to deposit ratio	77.9%	79.1%	78.6%
Common Equity Tier 1 capital ratio	13.2%	15.7%	15.6%
Total capital ratio	17.8%	20.8%	20.4%

Notes:

(1) Total loans and advances to customers and trade bills are gross and before impairment provision.

(2) It refers to the Group's total operating income from continuing operations for the year ended the 31 December 2017.

HONG KONG

Home Mortgages

As at 31 December 2017, 2018 and 2019, home mortgages (including loans for the purchase of flats in the Home Ownership Scheme ("**HOS**"), Private Sector Participation Scheme ("**PSPS**") and Tenants Purchase Scheme ("**TPS**") and loans for the purchase of other residential properties) in Hong Kong represented one of the most significant segments of the Group's total loans and advances to customers, accounting for approximately HK$43,867 million, HK$56,340 million and HK$62,235 million, respectively, or approximately 9.3%, 11.3% and 12.2%, respectively, of the Group's total loans and advances to customers. As at 31 December 2017, 2018 and 2019, loans for the purchase of flats in HOS, PSPS and TPS accounted for approximately HK$1,064 million, HK$1,048 million and HK$1,124 million, respectively, or approximately 0.2%, 0.2% and 0.2%, respectively, of the Group's total loans and advances to customers.

The majority of home mortgages are extended to buyers of housing units in Hong Kong who intend to occupy the premises, which include advances guaranteed by HKSARG under HOS, PSPS and TPS to assist lower income families in purchasing homes. Other home mortgages are extended to individuals purchasing residential units for investment purposes and refinancing.

All home mortgage advances are secured by a first legal charge on the property and, in certain circumstances, the Group may also require personal guarantee as additional security. The Group provides various different mortgage plans, including floating Prime-based rate and floating HIBOR-based rate mortgage plans which are repayable by instalments. For a discussion of the Group's loan-to-value lending limits applicable to home mortgage advances, see "*Selected Statistical and Other Information — Risk Management and Credit Policies*". For a discussion of the Group's lending rates applicable to home mortgage advances, see "*Selected Statistical and Other Information — Advance Portfolio — Advance Analysis*". The Group maintains close relationships with most property developers in Hong Kong, which has enabled the Group to source a significant amount of home mortgage and commercial mortgage advance business.

Commercial Mortgages and Trade Finance

Commercial mortgages comprise advances to companies to purchase retail shops, office space, factories and residential properties, whereas trade finance comprises loans and services to companies to accommodate their working capital requirements through overdraft facilities, short-term advances, trust receipts, invoice financing loans, corporate tax loans, export credit, packing loans, shipping guarantees, issuance of all types of documentary credits and factoring facilities. The Group also provides treasury products to its customers.

Commercial mortgage advances are generally secured by a first legal charge over the property. The Group has guidelines in place for assessing mortgage credit, based on asset criteria (including price, appraised value of the property, location, current market conditions and liquidity of the property) and customer criteria (including income source and debt servicing ability). For a discussion of commercial mortgage advances, see "*Selected Statistical and Other Information — Advance Portfolio — Advance Analysis*".

The customers of the Group's trade finance services range from small-to-medium-sized enterprises to multinational corporations. Trade finance advances are made on either a fully or partially secured basis by way of a mortgage of property or cash collateral or on an unsecured basis. BEA intends to increase income contribution and market share from trade finance by providing the Group's customers with more market-oriented products. For example, in October 2018, BEA, together with six other banks, jointly launched a digital trade finance platform, eTradeConnect, being the first trade finance platform leveraging blockchain technology in Hong Kong.

The trade finance sector in Hong Kong is well developed and, consequently, the Group is seeking to capitalise on its network in Mainland China to market its trade finance services to the increasing number of customers with operations in Mainland China.

As at 31 December 2017, 2018 and 2019, trade finance and individual mortgage advances amounted to approximately HK$68,034 million, HK$78,885 million and HK$84,214 million, respectively, which accounted for approximately 14.4%, 15.8% and 16.6% of the Group's total loans and advances to customers, respectively.

Consumer Finance

Consumer advances include unsecured or secured advances to individuals for fulfilling different needs and purposes, and also include overdrafts. In addition, the Group has developed a mobile platform to acquire new customers. With such platform, customers are able to know the approval result instantly upon application submission.

The Group offers a series of lending programmes, targeting different customer segments and with varied product features including a personalised interest rate based on the relevant customer's credit standing, tax advance packages and debt clearance packages.

As at 31 December 2017, 2018 and 2019, total outstanding consumer advances amounted to approximately HK$7,956 million, HK$7,886 million and HK$8,454 million, respectively, which accounted for approximately 1.7%, 1.6% and 1.7% of the Group's total loans and advances to customers, respectively.

Credit Cards

The credit card business offers unsecured credit lines to individuals for purchases with merchants as well as loans on cards. The Group offers an array of card types for different types of customers, with prestigious World MasterCard and Visa Signature Card targeting an affluent segment of customers, and Platinum and Titanium Cards targeting the general public.

The Group has continuously focused on the key areas of competitive mileage, overseas, dining and entertainment rewards to acquire new customers in its credit card business. High ticket size spending categories such as travel and online purchases are also key areas which the Group continues to invest in, in order to solicit new customers.

As at 31 December 2017, 2018 and 2019, credit card advances in Hong Kong amounted to approximately HK$4,676 million, HK$4,528 million and HK$4,729 million, respectively, which accounted for approximately 1.0%, 0.9% and 0.9% of the Group's total loans and advances to customers, respectively.

Insurance Products and Services

Blue Cross, fully acquired by BEA in December 1999, is a wholly-owned subsidiary of BEA and a part of BEA's bancassurance services. With over 50 years of solid operational experience in the insurance industry, Blue Cross provides a comprehensive range of non-life products and services, including medical, travel, and general insurance, to cater for the needs of both individual and corporate customers. Blue Cross is one of the leading insurers in the medical and travel insurance industry.

To enhance the customer experience, a wide range of personal general insurance products relating to travel, household, domestic helpers, decoration and personal accident are available for instant enrolment through websites of Blue Cross and BEA.

Blue Cross has received a number of awards in recognition of its contributions in the spheres of insurance provision, product innovation and online usability. Blue Cross has transformed the traditional medical insurance system with the launch of the new "Blue Cross HK" mobile application in April 2019, followed by a chatbot service in December 2019. By offering Hong Kong's first blockchain-enabled medical claim service, the application provides customers with a one-stop service platform featuring innovative medical insurance services that can greatly enhance customer experience in a fast, secure and reliable manner and has enabled medical insurance to be digital, paperless and cashless.

BEA Life commenced business in January 2008. BEA Life is a wholly-owned subsidiary of BEA and serves as BEA's life insurance arm. It underwrites and distributes a wide range of life insurance products and services including whole life, endowment, annuity, and term plans. In addition, BEA Life offers critical illness, education, retirement and medical savings solutions with all-rounded coverage and benefits to meet the diverse needs of its customers. BEA Life is committed to serving customers round the clock through a secure and user-friendly online application platform and to bring ease and convenience to its customers. A series of life insurance products including e-Select Mortgage Life Insurance, the first mortgage life insurance plan in Hong Kong to offer online pre-approval, and e-Select Savings Insurance Plan, the first endowment product that can be purchased instantly via the BEA website, were launched in August 2017 and November 2018, respectively.

Blue Cross and BEA Life distribute their products via a diversity of channels throughout the city including BEA's branches, insurance agents, brokers, allied partners, corporate websites and mobile applications.

For the years ended 31 December 2017, 2018 and 2019, the total premium income of Blue Cross and BEA Life was approximately HK$4,459 million, HK$5,052 million and HK$6,191 million, respectively, while the non-life insurance premium income of Blue Cross was approximately HK$1,242 million, HK$1,350 million and HK$1,333 million, respectively. For the years ended 31 December 2017, 2018 and 2019, the life insurance premium income of BEA Life as calculated by the New Business Index (an index defined as the total amount of all regular premium plus 10% of single premiums (life insurance policies which require one lump sum payment)) was approximately HK$1,447 million, HK$1,615 million and HK$2,437 million, respectively.

MPF Services and Other Trustee Services

In October 1999, Bank of East Asia (Trustees) Limited ("**BEAT**"), a wholly-owned subsidiary of BEA, was granted the status of an approved trustee under the Mandatory Provident Fund Schemes Ordinance (Cap. 485) of Hong Kong (the "**MPF Schemes Ordinance**"). Through this subsidiary, the Group offers a full-range of MPF services, including trustee, scheme administration, investment management and custody services, to employers, employees and the self-employed persons. BEAT is one of two approved trustees under the MPF Schemes Ordinance licensed to offer both the Master Trust Schemes and the Industry Scheme in Hong Kong.

In addition to MPF services, BEAT also offers a complete range of trustee services to both individual and corporate clients. BEAT acts as executor and trustee of wills, an administrator of estates, attorney administrator for overseas estates having assets in Hong Kong and as escrow agent for commercial transactions. BEAT also acts as trustee for family or other trusts and settlement, investment funds, unit trusts, charities, public funds and capital market issues.

Internet Banking Services

BEA's internet banking platform provides a comprehensive range of e-banking services, such as balance enquiry, e-statement & e-advice, rate enquiry, change of address, funds transfer, remittance, electronic cheque, placement and renewal of time deposit, bill payment, credit card transactions and redemption of bonus points for gifts, an online application for mortgages services, stock and gold trading, foreign exchange margin and option margin trading, unit trust subscription and redemption, linked deposits, electronic initial public offering and other investment products, purchase of TravelSafe insurance and MPF account enquiry and deposit.

Bilateral Advances and Syndicated Advances

The Group's corporate lending activities include financing general corporate funding requirements, property development, property investment and M&A activities as well as infrastructure projects. The majority of borrowers are medium to large-sized Hong Kong companies as well as state-owned and private enterprises in Mainland China, which typically use the funds to support general working capital and funding requirement in Hong Kong and Mainland China.

The Group acts as arranger or participating bank in the Hong Kong syndicated loan market. The majority of the Group's syndicated advances are to Hong Kong and PRC companies engaging in property development and investment, local conglomerates and large private or state-owned enterprises in Mainland China. The Group also acts as a co-arranger in club deal facilities.

The majority of the project financing in which the Group participates is extended on a recourse basis and is secured by the underlying project. Typically, the average maturity of BEA's corporate advances is up to five years and that for construction loans is extended up to completion of the construction project. Loan-to-value ratios are determined on a case-by-case basis in compliance with the regulatory requirement. For project financing, the advance is generally secured by the underlying property and charge over all receivables derived from the property projects. The Group has been targeting at medium-sized to large-sized borrowers to pursue better risk-justified return from these borrowers.

As at 31 December 2017, 2018 and 2019, bilateral and syndicated advances outstanding totalled approximately HK$91,630 million, HK$99,838 million and HK$107,518 million, respectively, which accounted for approximately 19.3%, 19.9% and 21.1% of the Group's total loans and advances to customers, respectively.

Wealth Management

BEA's Wealth Management Division comprises Private Banking Department, Investment Products and Advisory Department and Trusts and Fiduciary Services Department. By offering a wide range of products and services, the Wealth Management Division caters to clients who are searching for asset allocation, wealth preservation, enhanced returns, better risk diversification and other tailor made investment solutions.

Services and products offered by the Wealth Management Division include investment services, structured and treasury products, mutual funds, medical and life insurance including premium financing, succession and estate planning services, services relating to the various immigration schemes of Hong Kong and other countries, asset custodian services, trusts and general banking services such as time deposits and loans. The division provides private banking services to the high net worth segment, and is also responsible for providing investment products support to the Personal Banking Division and also BEA (China)'s personal banking customers through the Investment Products and Advisory Department. The division is also responsible for BEA's private trust business so that customers can have all the wealth generation and protection needs serviced on the same platform.

BEA's private banking service ("**BEA Private Banking**") places particular emphasis in the Greater China region, capitalising on the Group's major network established in Mainland China. BEA believes that Hong Kong continues to be most important bridge as well as being the investment destination of choice for wealthy Mainland Chinese. As at 31 December 2019, Mainland Chinese customers accounted for approximately 32.48% of BEA's private banking client base in terms of assets under management, and approximately 48.42% in terms of revenue contribution. BEA believes that such proportion will continue to increase given the strong and leading position of the Group's business and know-how in Mainland China. The Group will continue to explore new avenues to leverage its extensive network in Mainland China to drive business, and add value to customers of the Group.

As at 31 December 2019, the assets under management of BEA Private Banking amounted to approximately HK$81 billion. The net profit of the department for the years ended 31 December 2017, 2018 and 2019 amounted to approximately HK$550 million, HK$525 million and HK$497 million, respectively.

BEA's Investment Products and Advisory Department continues to provide service in product provision and analysis to clients. BEA's Trust and Fiduciary Services Department enhances high net worth clients' family inheritance and planning to complete the wealth management and preservation objectives. Private Banking Department, Investment Products and Advisory Department and Trusts and Fiduciary Services Department together form the major platform to service high net worth customers for BEA.

Stock Broking

In addition to the range of traditional banking products and services offered by the Group to its customers, the Group also provides equity and futures stock broking. Stock broking activities and dealings in Hang Seng Index futures, options and other derivative products are conducted through BEA and its wholly-owned subsidiaries, namely, East Asia Securities and East Asia Futures Limited, on an agency basis for the execution of customers' orders.

Debt Capital Market

In October 2018, the Group commenced its fixed income capital market business that involves origination, execution and distribution of offshore public and private bond transactions for, mainly, corporations in Mainland China and Hong Kong.

MAINLAND CHINA

As at 31 December 2019, BEA's wholly-owned subsidiary, BEA (China), headquartered in Shanghai, operated 31 branches in Shanghai, Beijing, Tianjin, Harbin, Dalian, Shenyang, Qingdao, Shijiazhuang, Zhengzhou, Urumqi, Hangzhou, Nanjing, Suzhou, Chengdu, Chongqing, Wuhan, Hefei, Xi'an, Shenzhen, Shenzhen Qianhai, Guangzhou, Zhuhai, Xiamen, Changsha, Kunming, Ningbo, Jinan, Wuxi, Fuzhou, Nanning, Nanchang and other cities in the PRC as well as 66 sub-branches. BEA (China) operates 26 outlets covering all nine Mainland cities in the Greater Bay Area.

In order to expand its presence in the Mainland China market, the Group has been expanding the range of products and services it provides in Mainland China and will seek to capitalise on the opportunities arising from the liberalisation of the banking sector and from the CEPA between Hong Kong and Mainland China. BEA (China)'s strategy is to increase the growth of RMB deposits in order to maintain stability in its source of funds and to minimise costs associated with interbank lending. However, there are many factors affecting the growth of deposits such as economic and political conditions, the availability of alternative investment choices (including but not limited to securities issued by governmental or corporate entities, unit trusts and mutual funds, investment-linked assurance schemes and structured investment products) and retail customers' changing perceptions towards savings.

BEA (China) aims at optimising the allocation and utilisation of its resources to better develop its retail banking in areas with business potential by strategically repositioning some of the business outlets. Selected existing outlets provide both corporate and retail banking services, while the rest of the existing outlets and newly established outlets focus on corporate banking services supported by basic retail banking services.

As at 31 December 2017, 2018 and 2019, BEA (China)'s RMB-denominated lending amounted to approximately HK$140,087 million, HK$134,291 million and HK$118,912 million, respectively, accounting for approximately 92.7%, 90.0% and 90.5% of the total customer advances of BEA (China), respectively. Borrowers comprise companies registered to do business in Mainland China and individual customers including local residents. BEA (China) expects to further expand its RMB-denominated lending business with a prudent approach and has more appetite for loan growth in selected industries such as public utilities, storage and logistics, pharmaceuticals and health, energy-saving and environmental protection, food safety as well as education and training.

INTERNATIONAL, MACAU AND TAIWAN

The Group's international operations were commenced to serve the banking needs of local communities and the outbound investment demand of the Group's core customers from Hong Kong, Mainland China and other Asian countries or regions. The Group seeks to establish a presence in cities with large concentrations of overseas Chinese. The following table sets forth BEA's outlets outside Hong Kong as at 31 December 2019:

Country/Region	Location	Year Opened
Malaysia	Branch in Labuan; Representative Office in Kuala Lumpur	1997 and 1997
Singapore	Branch in Singapore	1952
United States	Branches in New York and Los Angeles	1984 and 1991
United Kingdom	Branches in London, Birmingham and Manchester	1990, 1997 and 2013
Taiwan	Branches in Taipei	1997
Macau	Branch and Sub-branches in Macau	2001, 2006, 2007 and 2008

GROUP STRUCTURE

BEA is the holding company and the principal operating company of the Group. In addition, BEA has a number of significant subsidiaries and associated companies through which the Group conducts various operations such as stock-broking, asset management and certain fee-based activities.

For the year ended and as at 31 December 2019, except for BEA (China), none of BEA's subsidiaries accounted for more than 10% of the consolidated net profit and loss of the Group or had a book value in excess of 10% of the Group's consolidated total assets.

The following table sets forth certain particulars of subsidiaries which principally affected the results, assets or liabilities of the Group as at 31 December 2019:

Name of subsidiary of the Issuer	Place of incorporation and operation of the Group	Issued and paid-up capital	% held by The Issuer	% held by The Group	Nature of business
Ample Delight Limited	Hong Kong	HK$450,000,000		100%	Investment holding
Bank of East Asia (Trustees) Limited	Hong Kong	HK$150,000,000	100%		Trustee service
BEA Life Limited	Hong Kong	HK$500,000,000	100%		Life insurance
BEA Union Investment Management Limited	Hong Kong	HK$374,580,000	51%		Asset management
BEA Union Investment Management (Shenzhen) Limited	PRC	U.S.$2,000,000		51%	Asset management/ Investment management
Blue Care JV (BVI) Holdings Limited	British Virgin Islands	HK$16,000,000		80%	Investment holding
Blue Cross (Asia-Pacific) Insurance Limited	Hong Kong	HK$625,000,000	100%		Insurance
Central Town Limited	Hong Kong	HK$2	100%		Property investment
Corona Light Limited	British Virgin Islands	HK$929,752,849		100%	Investment holding
Credit Gain Finance Company Limited	Hong Kong	HK$640,000,000	100%		Money lenders
Crystal Gleaming Limited	British Virgin Islands	HK$929,752,849	100%		Investment holding
Dragon Jade Holdings Company Limited	Hong Kong	HK$1,127,510,000	100%		Investment holding
East Asia Digital Information Services (Guangdong) Limited[1]	PRC	U.S.$3,000,000		100%	Servicing
East Asia Facility Management Limited	Hong Kong	HK$10,000		100%	Facility management
East Asia Holding Company, Inc.	U.S.A.	U.S.$5	100%		Bank holding company
East Asia Indonesian Holdings Limited	Seychelles	U.S.$100,000		100%	Investment holding
East Asia International Trustees Limited	British Virgin Islands	U.S.$1,301,000		100%	Trustee services
East Asia Securities Company Limited	Hong Kong	HK$25,000,000	100%		Securities broking
Skyray Holdings Limited	British Virgin Islands	HK$450,000,000	100%		Investment holding
Speedfull Limited	British Virgin Islands	HK$450,000,000		100%	Investment holding
The Bank of East Asia (China) Limited[1]	PRC	RMB14,160,000,000	100%		Banking and related financial services

Note:

(1) Represents a wholly foreign owned enterprise registered under the PRC law.

ORGANISATION

The Board of Directors of BEA is collectively responsible for the long-term success of the Group and assumes responsibility for its leadership within a framework of effective controls.

Under the framework, the Board of Directors has set up five Board Committees and seven Management Committees to assist it in carrying out its responsibilities. The Board Committees include Audit Committee, Nomination Committee, Remuneration Committee, Risk Committee and Sealing Committee. The Management Committees include Executive Committee, Investment Committee, Crisis Management Committee, Risk Management Committee, Asset and Liability Management Committee, Credit Committee and Operational Risk Management Committee.

The Audit Committee is responsible for reviewing corporate governance functions, financial controls, risk management, internal control systems and financial reporting system as well as annual report and accounts, and half-year interim report. The Nomination Committee is responsible for recommending to the Board of Directors on relevant matters relating to appointments, reappointment, removal and succession planning of Directors, Chief Executive, Deputy Chief Executives, Division Heads, Group Chief Compliance Officer, Group Chief Auditor, Group Chief Financial Officer and Group Chief Risk Officer; defining succession planning and diversity of the Board of Directors and performing evaluation of the Board of Directors' performance and Directors' contribution to the effectiveness of the Board of Directors. The Remuneration Committee is responsible for making recommendations to the Board of Directors regarding BEA's remuneration policy, and for the formulation and review of the remuneration packages of the Directors, Executive Chairman, Co-Chief Executives, Deputy Chief Executives, General Managers and Key Personnel of the Group. The Risk Committee is assisted by the Management Committees, namely, the Risk Management Committee, Credit Committee, Asset and Liability Management Committee and Operational Risk Management Committee, to deal with daily management of risk-related issues; and by the Crisis Management Committee to deal with crisis management. The Sealing Committee is responsible for directing the usage and custody of BEA's common seal.

The Management Committees are established to deal with matters as sufficiently prescribed in respective terms of reference, each of which has specific roles and responsibilities delegated by the Board of Directors or the Board Committees. The Executive Committee is responsible for assisting and supporting the Co-Chief Executives to manage the businesses and operations of the Group at a strategic level. The Risk Management Committee is responsible for assisting the Risk Committee in the daily management of issues related to all major risks (in particular strategic and new product and business risks) faced by the Group including risk appetites, risk profiles, regulatory updates and stress-testing. The Credit Committee is responsible for dealing with all credit risk-related issues of the Group. The Operational Risk Management Committee is responsible for dealing with issues related to operational, legal, reputation, compliance, technology and business continuity risks of the Group. The Asset and Liability Management Committee is responsible for dealing with all issues related to market, interest rate and liquidity risks of the Group. The Crisis Management Committee is responsible for dealing with the Group's management of crisis scenarios which jeopardise or have the potential to jeopardise the Group in its reputation, liquidity/financial position and business continuity. The Investment Committee is responsible for reviewing and formulating investment strategies as well as making investment decisions in respect of fixed income instruments, equity and equity related investments for BEA, and The Bank of East Asia, Limited Employees' Provident Fund.

BEA has 15 divisions, each of which is responsible for a specific operational function. The divisions are Personal Banking Division, Corporate Banking Division, Wealth Management Division, Insurance & Retirement Benefits Division, Treasury Markets Division, China Division, International Division, Strategic Planning & Control Division, Operations Support & Services Division, Technology & Productivity Division, Human Resources & Corporate Communications Division, Risk Management Division, Legal, Secretarial & Tax Division, Compliance Division and Internal Audit Division. In addition, three special functional units, namely Strategic Partnerships Group, Digital & Innovation Office and Transformation Office, have been set up to manage the Group's relationship with its strategic partners, and drive the Group's digital development and transformation projects respectively.

PROPERTIES

As at 31 December 2019, BEA owned properties with aggregate floor areas of approximately 396,900 square feet, 465,734 square feet and 32,822 square feet on Hong Kong Island, in Kowloon and in the New Territories, respectively. Most of BEA's properties are used as banking offices, as branches or for storage, and the remainder are leased to third parties. In addition, as at 31 December 2019, BEA also leased properties with aggregate floor areas of approximately 51,476 square feet, 111,256 square feet and 59,046 square feet on Hong Kong Island, in Kowloon and in the New Territories, respectively. These leased properties are used as banking offices, as branches or for storage. As at 31 December 2019, the fair value for BEA's investment properties and bank premises amounted to approximately HK$5,333 million and HK$20,845 million, respectively.

INTELLECTUAL PROPERTY

The Group relies on domain name registrations to establish and protect its internet domain names. The Group has registered a number of internet domain names. The Group has also registered a number of trade marks, including but not limited to "The Bank of East Asia, Limited cyber banking", with HKSARG.

INSURANCE

The Group currently maintains insurance cover to mitigate its risk. Such insurance can broadly be categorised into property insurance to cover the loss of or damage to building structure and content and electronic equipment; public liability insurance to cover legal liability as a result of physical bodily injury and/or property damage caused to third parties; bankers' blanket bonds insurance to cover the loss resulting from fraudulent acts by employees, loss of money on premises and in transit and forgery of bank instruments; professional indemnity insurance to indemnify the Group for loss arising out of claims for wrongful or negligent professional acts; and directors' and officers' liability insurance to cover the personal liability of BEA's directors and officers against any claims resulting from any wrongful act. There is a centralised independent function within the Group that handles the validity and adequacy of core insurance policies.

COMPETITION

The banking industries in Hong Kong and Mainland China are highly competitive. Please see "*Investment Considerations — Considerations Relating to the Group — Competition*" for further information.

LITIGATION

The Group is involved, from time to time, in legal proceedings arising in the ordinary course of its operations. See "*Investment Considerations — Considerations Relating to the Group — Legal, Litigation and Regulatory Proceedings*".

Disputes with Elliott International, L.P. ("Elliott"), The Liverpool Limited Partnership ("Liverpool") and Others

On 18 July 2016, BEA was served with a sealed copy of an unfair prejudice petition presented by Elliott, Liverpool and certain other entities affiliated with Elliott and Liverpool (together, the "**Petitioners**") to the Court of First Instance of the High Court of Hong Kong pursuant to section 724 of the Companies Ordinance (Cap. 622) of Hong Kong (the "**Petition**"). BEA and the relevant directors were named as respondents in the Petition.

In the Petition, the relief sought by the Petitioner include, among others:

- a declaration that certain board resolutions passed for the purposes of effecting a placement to Sumitomo Mitsui Banking Corporation were passed for, among others, an improper purpose, without due regard to the interests of all shareholders of BEA, and without critical appraisal of the merits and competing arguments in respect of the same and alternative means for raising capital;

- a declaration that certain board resolutions passed for the purposes of facilitating the reorganisation of the means by which CaixaBank, S.A. invests in BEA were made for, among others, an improper purpose, without due regard to the interests of all shareholders of BEA and without critical appraisal of the merits and competing arguments in respect of the same; and

- an order that BEA takes steps to release Criteria Caixa, S.A., Sociedad Unipersonal and/or its affiliates and Sumitomo Mitsui Banking Corporation from the relevant undertakings and that BEA may not re-enter into similar agreements in the future without leave of the court.

On 4 March 2020, BEA announced that in conjunction with its plan to carry out the comprehensive review of its portfolio, Elliott Management Corporation and certain of its affiliates including Elliot would apply for a stay of the proceedings of the Petition. Based on currently available information, BEA considers that the Petition will not have any material adverse impact on the normal business and operations of BEA.

Please refer to BEA's announcement on HKSE entitled "Legal Proceedings" and dated 18 July 2016 and BEA's announcement on HKSE entitled "Strategic Review of the Bank's Portfolio of Businesses and Assets" and dated 4 March 2020 for further information.

Disputes with China Medical Technologies, Inc ("China Medical Technologies")

In February 2017, BEA was served with a statement of claim (the "**China Medical Technologies Statement of Claim**") filed by China Medical Technologies (which has been liquidated and delisted in the United States) at the Court of First Instance of the High Court of Hong Kong.

China Medical Technologies' claims arose from the payment of funds: (i) to the bank accounts of Supreme Well Investments Limited maintained with BEA (among others) between November 2006 and December 2009 purportedly for the acquisition of technology that allegedly did not exist or was purchased by China Medical Technologies at a gross overvalue; and (ii) to other accounts maintained with BEA between March 2007 and June 2011.

China Medical Technologies alleged that payments of over U.S.$180 million were made from the accounts of Supreme Well Investments Limited and other related entities maintained with BEA to parties connected with and/or controlled by directors and/or executives of China Medical Technologies, with the aim of misappropriating the funds for their personal benefit and in breach of trust and/or fiduciary duties.

BEA subsequently filed a set aside application which was successful pursuant to the judgment of the High Court of Hong Kong. The judgment of the set aside application is currently pending appeal lodged by China Medical Technologies. Based on currently available information, BEA considers that the China Medical Technologies Statement of Claim will not have any material adverse impact on the normal business and operations of BEA.

Please refer to BEA's announcement on HKSE entitled "Legal Proceedings" and dated 6 March 2017 for further information.

Investigation in Relation to CaixaBank, S.A.

On 3 October 2018, the National Court in Madrid opened a criminal investigation in relation to certain transactions undertaken by CaixaBank, S.A., including, among others, the transfer by CaixaBank, S.A. to Criteria Caixa, S.A. Sociedad Unipersonal of its stake of approximately 17.2% in BEA and its stake of approximately 9.0% in Grupo Financiero Inbursa, S.A.B. de C.V. (the "**Investigation**").

The Investigation arose out of a petition by two individual shareholders of CaixaBank, S.A. and the allegations include alleged market abuse, insider trading, misrepresentation of financial statements, mismanagement of the firms and unfair treatment of shareholders. The Investigation is not directed at BEA and has been brought against CaixaBank, S.A., Criteria Caixa, S.A. Sociedad Unipersonal, Dr. Isidro Fainé Casas who was a Non-executive Director of BEA (resigned with effect from the conclusion of BEA's Annual General Meeting ("**AGM**") held on 24 April 2020), five other executives/directors of CaixaBank, S.A. and Dr. the Hon. Sir David Li Kwok-po.

Dr. Isidro Fainé Casas and Dr. the Hon. Sir David Li Kwok-po resigned as directors of CaixaBank, S.A. on 30 June 2016 and 23 October 2014, respectively.

Please refer to BEA's announcement on HKSE entitled "Announcement pursuant to Rule 13.51B(2) of the Listing Rules" and dated 16 October 2018 for further information.

Save as otherwise disclosed in this Offering Circular, neither BEA nor any of its subsidiaries is involved in any litigation or arbitration proceedings relating to claims or amounts that are material in the context of the issue of the Notes, and BEA is not aware of any such litigation or arbitration proceedings pending or threatened against it or any of its subsidiaries.

EMPLOYEES

As at 31 December 2019, the Group had a total of 9,846 employees as set forth in the following table:

	No. of employees
Hong Kong	5,564
Mainland China	3,681
Macau and Taiwan	158
Overseas	443
Total	9,846

Management believes that BEA maintains a good relationship with its employees and has not experienced any material employment disputes. Other than all local employees of BEA (China) and other Mainland China subsidiaries and certain local employees at its Singapore branch, none of BEA's employees are members of a trade union. BEA provides attractive remuneration and benefits packages to its employees including medical health care plans, group life insurance, various paid leave, staff housing loan with preferential interest rate, staff account with preferential deposit interest rate and retirement benefits under either the Mandatory Provident Fund Scheme or the MPF exempted ORSO Scheme. In addition, BEA operates share option schemes under which options to purchase ordinary shares of BEA have been granted to members of senior management and executive directors. As at 31 December 2019, approximately 39,993,246 shares, representing approximately 1.36% of BEA's issued capital on a fully diluted basis, were issuable upon the exercise of options (including vested and unvested options) granted under BEA's staff share option schemes adopted in 2011 and 2016.

In addition to benefits packages, BEA continues to provide career advancement opportunities and a healthy, positive working environment to its employees. BEA offers a wide range of training courses to support its employees' ongoing professional development.

PROTECTION OF DEPOSITORS

BEA is a member of the Deposit Protection Scheme, which was launched in September 2006. Accordingly, all eligible depositors of BEA are automatically protected under the Deposit Protection Scheme. As part of its measures to maintain the liquidity of, and confidence in, the Hong Kong financial markets, HKSARG introduced in 2006 a Deposit Protection Scheme to provide a level of protection to depositors with deposits held with authorized institutions in Hong Kong. An enhanced Deposit Protection Scheme with an increased protection limit of HK$500,000 and expanded coverage including deposits pledged as security for banking services, came into effect on 1 January 2011. On 24 March 2016, the 2016 Amendment Ordinance came into effect. Amongst other things, a gross payout approach is adopted for the determination of compensation under the Deposit Protection Scheme in case the scheme is triggered. Under this approach, any compensation paid to depositors is determined on the basis of their aggregate protected deposits held with a failed bank (up to HK$500,000 per depositor) without deducting the amount of liabilities owed by those depositors to the same bank. The gross payout approach enables the affected depositors to have faster access to their deposits.

SELECTED STATISTICAL AND OTHER INFORMATION

This section replaces the section headed "Selected Statistical and Other Information" included on pages 78 to 96 of the Original Offering Circular in its entirety.

The selected statistical and other information set forth below is derived from and should be read in conjunction with the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2018 and 2019. Such information relates only to the Group and has, except where otherwise indicated, been compiled as at and for each of the years ended 31 December 2017, 2018 and 2019, and should be read in conjunction with the information contained elsewhere in this Offering Circular, including "*Business of the Group*".

Certain comparative figures as at and for the year ended 31 December 2018 have been restated to conform to the presentation of figures as at and for the year ended 31 December 2019. Please refer to the consolidated cash flow statement, note 24, note 29(b), note 48(b) and note 51(b) to the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2019 for further information about the effect of restatement.

ADVANCE PORTFOLIO

Overview

As at 31 December 2017, 2018 and 2019, the Group's total outstanding loans and advances to customers before impairment allowances were approximately HK$473,776 million, HK$500,631 million and HK$509,105 million, respectively, which represented approximately 58.6%, 59.6% and 58.8%, respectively, of its total assets.

The majority of the Group's advances are in respect of loans for the purchase of other residential properties and advances for property investment and development (excluding loans for the purchase of flats in HOS, PSPS and TPS), which together, as at 31 December 2017, 2018 and 2019, represented approximately 21.2%, 24.4% and 26.7%, respectively, of the Group's total loans and advances to customers.

Industry Sectors

The following table below sets forth a summary of the Group's gross loans and advances to customers by industry sector as at the dates indicated:

	As at 31 December					
	2017	Percentage of total	2018	Percentage of total	2019	Percentage of total
	(in HK$ millions, except percentages)					
Loans for use in Hong Kong Industrial, commercial and financial						
- Property development	20,280	4.3%	26,427	5.3%	25,242	5.0%
- Property investment	37,359	7.9%	40,218	8.0%	49,772	9.8%
- Financial concerns	12,489	2.6%	14,944	3.0%	15,322	3.0%
- Stockbrokers	6,899	1.5%	1,928	0.4%	1,694	0.3%
- Wholesale and retail trade	8,831	1.9%	6,839	1.4%	7,156	1.4%
- Manufacturing	2,123	0.4%	1,903	0.4%	3,510	0.7%
- Transport and transport equipment	4,976	1.1%	5,111	1.0%	4,736	0.9%
- Recreational activities	176	—	35	—	99	—
- Information technology	2,747	0.6%	668	0.1%	655	0.1%
- Others[1]	25,876	5.5%	20,196	4.1%	26,228	5.2%
- Sub-total	121,756	25.8%	118,269	23.7%	134,414	26.4%

	As at 31 December					
	2017	Percentage of total	2018	Percentage of total	2019	Percentage of total
	(in HK$ millions, except percentages)					
Individuals						
- Loans for the purchase of flats in HOS, PSPS and TPS	1,064	0.2%	1,048	0.2%	1,124	0.2%
- Loans for the purchase of other residential properties	42,803	9.0%	55,292	11.0%	61,111	12.0%
- Credit card advances	4,644	1.0%	4,496	0.9%	4,696	0.9%
- Others[2]	34,034	7.2%	39,909	8.0%	45,968	9.1%
- Sub-total	82,545	17.4%	100,745	20.1%	112,899	22.2%
Total loans for use in Hong Kong	204,301	43.2%	219,014	43.8%	247,313	48.6%
Trade finance	3,934	0.8%	3,733	0.7%	3,686	0.7%
Loans for use outside Hong Kong[3]	265,541	56.0%	277,884	55.5%	258,106	50.7%
Total advances to customers	**473,776**	**100%**	**500,631**	**100%**	**509,105**	**100%**

Notes:

(1) "Others" includes the industry sectors of civil engineering works, electricity and gas, hotels, boarding houses and catering, non-stockbroking companies and individuals for the purchase of shares, professional and private individuals for other business purposes and all others not specified.

(2) "Others" includes professional and private individuals for other private purposes.

(3) Loans for use outside Hong Kong include the certain loans for use in Mainland China.

Geographical Concentration

The following table sets forth a summary of the Group's gross loans and advances to customers by geographical location as at the dates indicated:[1]

	As at 31 December					
	2017	Percentage of total	2018	Percentage of total	2019	Percentage of
	(in HK$ millions, except percentages)					
Hong Kong	207,523	43.8%	225,656	45.1%	252,488	49.6%
Mainland China	203,128	42.9%	203,377	40.6%	186,380	36.6%
Other Asian Countries and Regions[2]	27,456	5.8%	27,634	5.5%	30,255	5.9%
Others[3]	35,669	7.5%	43,964	8.8%	39,982	7.9%
Total	**473,776**	**100%**	**500,631**	**100%**	**509,105**	**100%**

Notes:

(1) The above geographical analysis has been classified by the location of the counterparties, after taking into account any transfer of risk.

(2) This includes all Asian countries and regions other than Mainland China.

(3) This includes North America, Western Europe and other countries.

Customer Advance Concentration

As at 31 December 2019, the Group's outstanding balance to its 20 largest borrowers (including groups of individuals and companies) amounted to approximately HK$78,150 million, or approximately 15.3% of the Groups gross advances, with the largest representing approximately HK$8,084 million, or approximately 1.6% of the Group's gross advances. As at 31 December 2018, the Group's outstanding balance to its 20 largest borrowers (including groups of individuals and companies) amounted to approximately HK$80,748 million, or approximately 16.1% of the Group's gross advances, with the largest representing approximately HK$9,287 million, or approximately 1.9% of the Group's gross advances. As at 31 December 2017, the Group's outstanding balance to its 20 largest borrowers (including groups of individuals and companies) amounted to approximately HK$70,301 million, or approximately 14.8% of the Group's gross advances, with the largest representing approximately HK$6,217 million, or approximately 1.3% of the Group's gross advances.

Advance Analysis

As a significant proportion of the Group's gross advances are made for the purchase of residential property, as at 31 December 2017, 2018 and 2019, approximately 20.5%, 23.1% and 24.3% of advances had a remaining maturity of more than five years, respectively.

The following table sets forth a summary of the Group's gross advances by remaining maturity as at the dates indicated:

	As at 31 December					
	2017	**Percentage of total**	**2018**	**Percentage of total**	**2019**	**Percentage of total**
		(in HK$ millions, except percentages)				
Repayable on demand[1]	3,681	0.8%	2,967	0.6%	3,936	0.8%
3 months or less	85,528	18.1%	86,881	17.4%	93,337	18.3%
1 year or less but over 3 months	94,413	19.9%	100,124	20.0%	86,300	17.0%
5 years or less but over 1 year	188,640	39.8%	192,017	38.4%	199,203	39.1%
After 5 years	97,146	20.5%	115,883	23.1%	123,670	24.3%
Undated	4,368	0.9%	2,759	0.5%	2,659	0.5%
Gross advances to customers	**473,776**	**100%**	**500,631**	**100%**	**509,105**	**100%**

Note:

(1) Includes overdrafts.

As at 31 December 2017, 2018 and 2019, approximately 80.9%, 81.7% and 80.6% of advances made by the Group were at floating rates of interest, respectively. See "— *Asset and Liability Management*". The current rate offered by the Group for home mortgage advances in Hong Kong generally ranges from 1.24% to 1.4% above the 1-month HIBOR. The interest rate for Hong Kong dollar consumer finance advances offered by the Group is typically calculated on the initial principal amounts of such advances and typically ranges from 0.11% to 1.35% per month flat for fixed rate products and from 5.75% (P+0.5%) to 8.75% (P+3.5%) per annum for prime based products. Trade finance advances typically have a relatively short maturity. The interest rate for Hong Kong dollar trade finance advances made by the Group is typically a margin over the interbank offer rate or on prime rate basis. The interest rate for project finance lending and syndicated lending is typically a margin over HIBOR. As at 31 December 2017, 2018 and 2019, approximately 43.1%, 47.5% and 52.8%, respectively, of advances made by the Group were denominated in Hong Kong dollars, approximately 17.6%, 16.5% and 14.1%, respectively, were denominated in U.S. dollars and approximately 31.2%, 27.5% and 23.8%, respectively, were denominated in RMB. Rates which are lower than the above rates may be offered by the Group under appropriate circumstances subject to internal approvals.

An important component of the Group's asset and liability policy is its management of interest rate risk, which is the relationship between market interest rates and the Group's interest rates on its interest rate sensitive assets and interest rate sensitive liabilities. See "— *Asset and Liability Management*".

As at 31 December 2017, the amounts, in Hong Kong dollars, and percentages represented by fixed and floating-rate advances denominated in Hong Kong dollars and foreign currencies, respectively, were as follows:

	Advances outstanding as at 31 December 2017					
	HK dollar advances		**Foreign currency advances**		**Total**	
	Amount	**Percentage of total**	**Amount**	**Percentage of total**	**Amount**	**Percentage of total**
	(in HK$ millions, except percentages)					
Fixed rate	40,403	19.8%	50,311	18.7%	90,714	19.1%
Floating rate	163,823	80.2%	219,239	81.3%	383,062	80.9%
Total	**204,226**	**100%**	**269,550**	**100%**	**473,776**	**100%**

As at 31 December 2018, the amounts, in Hong Kong dollars, and percentages represented by fixed and floating-rate advances denominated in Hong Kong dollars and foreign currencies, respectively, were as follows:

	Advances outstanding as at 31 December 2018					
	HK dollar advances		**Foreign currency advances**		**Total**	
	Amount	**Percentage of total**	**Amount**	**Percentage of total**	**Amount**	**Percentage of total**
	(in HK$ millions, except percentages)					
Fixed rate	37,622	15.8%	53,989	20.5%	91,611	18.3%
Floating rate	199,824	84.2%	209,196	79.5%	409,020	81.7%
Total	**237,446**	**100%**	**263,185**	**100%**	**500,631**	**100%**

As at 31 December 2019, the amounts, in Hong Kong dollars, and percentages represented by fixed and floating-rate advances denominated in Hong Kong dollars and foreign currencies, respectively, were as follows:

	Advances outstanding as at 31 December 2019					
	HK dollar advances		**Foreign currency advances**		**Total**	
	Amount	**Percentage of total**	**Amount**	**Percentage of total**	**Amount**	**Percentage of total**
	(in HK$ millions, except percentages)					
Fixed rate	40,561	15.1%	58,122	24.2%	98,683	19.4%
Floating rate	228,112	84.9%	182,310	75.8%	410,422	80.6%
Total	**268,673**	**100%**	**240,432**	**100%**	**509,105**	**100%**

Derivatives, such as interest rate swaps and interest rate futures, are used by the Group to manage interest rate risk in the banking book exposure. The Group enters into hedging either against individual transactions or on portfolio basis. Hedge accounting treatment under HKFRS is actively applied to avoid fluctuation of profit and loss arising from mark-to-market of the hedging derivatives.

As at 31 December 2017, 2018 and 2019, approximately 65.7%, 62.0% and 60.9%, respectively, of the Group's total loans and advances to customers were secured by collateral.

The extent of collateral coverage over the Group's loans and advances to customers depends on the type of customers and the product offered. Types of collateral include residential properties (in the form of mortgages over property), other properties, other registered securities over assets, cash deposits, standby letters of credit and guarantees. All forms of security taken as collateral against credit facilities are monitored by the respective departments which extended the advances. In general, the collateral is periodically valued by an independent valuer to determine whether any additional collateral is required.

RISK MANAGEMENT AND CREDIT POLICIES

The Group's lending policies have been formulated on the basis of its own experience, the Banking Ordinance, guidelines issued by the Monetary Authority, policies issued by the Hong Kong Association of Banks and other statutory requirements (and, in the case of overseas branches and subsidiaries, the relevant local laws and regulations). BEA believes it has a history of, and reputation for, prudent lending practices. The majority of the Group's lending is on a secured basis, and the Group has established loan-to-value lending limits based on the appraised market value of the relevant collateral.

Risk Management

The Group has established an effective risk governance and management framework in line with the requirements set out by the Monetary Authority and other regulators. This framework is built around a structure that enables BEA's Board of Directors and management to discharge their risk management-related responsibilities with appropriate delegation and checks and balances. These responsibilities include defining risk appetite in accordance with the Group's business strategies and objectives, formulating risk policies that govern the execution of those strategies, and establishing procedures and limits for the approval, control, monitoring, and remedy of risks.

The Risk Committee stands at the highest level of the Group's risk governance structure below the Board of Directors. The Risk Committee provides direct oversight over the formulation of the Group's risk appetite, and sets the levels of risk that the Group is willing to undertake with regard to its financial capacity, strategic direction, prevailing market conditions, and regulatory requirements.

The Risk Committee also ensures that the Group's risk appetite is reflected in the policies and procedures that BEA's management adopts to execute its business functions. Through the Group's management committees at executive level including the Crisis Management Committee, Risk Management Committee, Credit Committee, Asset and Liability Management Committee, and Operational Risk Management Committee and with overall coordination by the Risk Management Division, the Risk Committee regularly reviews the Group's risk management framework and ensures that all important risk-related tasks are performed according to established policies with appropriate resources.

The Risk Management Division is headed by the Group Chief Risk Officer and General Manager, who reports directly to the Chairman and Co-Chief Executives and is responsible for overseeing the Group's risk management issues which include, but are not limited to, the risk management infrastructure, strategies, appetites, culture, and resources. The Risk Management Division assesses regulatory requirements, in particular the requirements under the Supervisory Policy Manuals issued by the Monetary Authority, and is responsible for:

(i) formulating risk management policies and guidelines and performing regular reviews in order to ensure that such policies and guidelines are kept up to date;

(ii) monitoring risk exposure and compliance with the risk management framework using a risk-based approach that incorporates independent risk assessment, independent review of regular reports, independent review of new products/specific issues, and coordination of risk-related projects; and

(iii) reporting at pre-determined schedule the monitoring results and significant risk related issues to the specialised risk management committees, and/or the Risk Management Committee, and/or the Risk Committee and/or the Board, where appropriate, so as to assist them to discharge their duty of oversight of risk management activities. The scope of BEA's risk management framework covers major types of risk, including credit risk, interest rate risk, legal risk, liquidity risk, market risk, money laundering and terrorist financing risk, operational risk, reputation risk, strategic risk and technology risk.

The Asset and Liability Management Committee ("**ALCO**") sets the strategy and policy for managing interest rate risk and the means for ensuring that such strategy and policy are implemented. Interest rate risk is managed daily by the Treasury Markets Division, while the Risk Management Division is responsible for monitoring interest rate related activities to ensure compliance with the related bank policies, rules and regulations. The Banking Audit Department performs periodic review, to make sure the interest rate risk management functions are effectively carried out.

For the interest rate risk in the banking book, gap analysis is carried out on the maturity and repricing characteristics of the Group's both on and off balance sheet positions. From 1 July 2019, optionality and behavioural assumptions of certain products would also be considered in the exposure measurement per requirement of the Monetary Authority. Repricing gap position controls and sensitivity limits from both earnings and economic value perspectives are set to control the Group's interest rate risk exposure in the banking book. The ALCO monitors the results thereof and decides remedial action if required.

In addition to the above, ALCO sets the strategy and policy for managing liquidity risk and the means for ensuring that such strategy and policy are implemented.

The Group monitors its liquidity position on a daily basis to ensure the Group's funding needs can be met and the statutory ratios for monitoring and managing liquidity risk are complied with. The Group's consolidated average LCR was approximately 176% for the fourth quarter of 2019, which is above the statutory minimum requirement of 100%. For the quarter ended 31 December 2019, the Group's consolidated NSFR was approximately 113.0%, which is above the statutory minimum requirement of 100%.

The stock of HQLA can be easily and immediately converted into cash to meet unexpected and material cash outflows.

Stress testing is regularly conducted to analyse liquidity risk. With reference to the stress-testing results, the Group identifies potential vulnerabilities within the Group and formulates a Contingency Funding Plan that describes the Group's strategy for dealing with any liquidity problem and the procedures for making up cash flow deficits in emergency situations.

Credit Policies

The Group's primary credit approval body is the Credit Committee, which comprises two Deputy Chief Executives, Group Chief Risk Officer, Head of Credit Risk Management Department and a senior manager of Credit Risk Management Department. The Credit Committee has overall responsibility for the Group's credit policies and oversees the credit quality of the Group's advance portfolio. BEA has also established an Approval Centre, which comprises Head of Credit Risk Management Department and other experienced senior managers of Risk Management Division, acting as an independent unit to approve credit according to the delegated lending authority. Under the oversight of the Credit Committee, Approval Centre and other officers of the Group are authorised to approve credit based on the size of the advance, the collateral provided, the credit standing of the applicant and other prescribed credit guidelines. The following table sets out the credit approval limits for various types of advances in Hong Kong:

	Hong Kong
	(in HK$ millions)
Credit Committee	Any amount
Approval Centre	600
Other lending officer	Up to 100(25)[(1)]

Note:

(1) The numbers in parentheses represent credit limits for unsecured portions of advances.

The Credit Risk Management Department under the Risk Management Division is responsible for reviewing credit applications for significant loan amounts. When a customer fills out an advance application or requests a credit line, the branch or lending department account officer collects information through customer interviews, documentation requests and feasibility studies as well as other sources. After a thorough evaluation, the application is submitted to the appropriate person having sufficient lending authority for approval.

The Group has adopted lending policies with loan-to-value limits which apply to advances secured by a legal charge over an asset or property. Loan-to-value ratios on owner-occupied residential mortgages in Hong Kong (excluding loans for the purchase of flats in HOS, PSPS and TPS) are limited to 50% (for property value at or above HK$10 million); 60% (for property value below HK$10 million, and maximum loan amount being capped at HK$5 million). Loan-to-value ratios on non-owner occupied residential mortgages and commercial / industrial mortgages are limited to 50% and 40%, respectively. Lower loan-to-value limits will be applied to applicants whose income is mainly derived from outside HK. Underlying property values are based on the lower of the purchase price and the independently appraised value of the property.

Besides, the Group's lending policies limit the maximum customer debt servicing ratio to 30% to 50%, while stress test on the borrower's repayment ability by assuming a rise in interest rate of 3% is imposed for property mortgages.

Meanwhile, for property mortgages under the approach of assessment by net worth of the borrower (with the asset-to-total debt obligation ratio of the borrower of at least 100%), the loan-to-value ratio is limited to 20% to 40%.

Hong Kong has adopted the Basel II Accord capital adequacy standards from the beginning of 2007. In December 2007, BEA received the approval from the Monetary Authority to adopt the advanced approaches under the Basel II Accord, namely the Foundation Internal Ratings-based ("**IRB**") Approach for credit risk, the Internal Models Approach for market risk and the Standardised Approach for operational risk. Since 31 December 2007, the Group has used the IRB Approach to determine its credit risk weighted assets for calculating the CAR. The business benefits of adopting these advanced approaches are significant, including enhanced risk management, more efficient use of capital and higher transparency in the disclosure of risk-related information.

In December 2010, the Basel Committee issued the final Basel III regulatory framework presenting the Committee's reforms to strengthen capital and liquidity standards in order to promote a more resilient banking sector.

In line with the international implementation timetable set by the Basel Committee, the Basel III rules pertaining to capital standards have been enacted into local banking regulations and implemented in Hong Kong on 1 January 2013.

ASSET QUALITY

Overview

The performance of the Hong Kong economy is heavily dependent on the property sector, and, as at 31 December 2017, 2018 and 2019, loans for the purchase of other residential properties and advances for property investment and development (excluding loans for the purchase of flats in HOS, PSPS and TPS) in Hong Kong together accounted for approximately 21.2%, 24.4% and 26.7%, respectively, of the Group's total loans and advances to customers. As a result, the Group's asset quality is vulnerable to deflation in property prices. The ability of borrowers, including homeowners, to make timely repayment of their advances may be adversely affected by rising interest rates or a slowdown in economic growth. See "*Investment Considerations — Considerations Relating to the Group — Hong Kong Economy*" and "*Investment Considerations — Considerations Relating to the Group — Interest Rate Risk*". As at 31 December 2017, 2018 and 2019, home mortgage advances (including loans for the purchase of flats in HOS, PSPS and TPS and loans for the purchase of other residential properties) in Hong Kong amounted to approximately HK$43,867 million, HK$56,340 million and HK$62,235 million, respectively, or approximately 9.3%, 11.3% and 12.2%, respectively, of the Group's total loans and advances to customers and was one of the most significant segments of the Group's total loans and advances to customers. See "*Investment Considerations — Considerations Relating to the Group — Concentration Risk — Exposure to the Property Market*".

The Group is committed to expanding its business and operations in the PRC and remains susceptible to risks associated with lending in the PRC, which could lead to an increase in the Group's classified advances. As at 31 December 2017, 2018 and 2019, the Group's PRC exposure was approximately 32.0%, 29.9% and 25.8%, respectively, of the Group's total advances and its PRC impaired advances accounted for approximately 1.8%, 1.7% and 3.8%, respectively, of its total PRC exposure. See "*Investment Considerations — Considerations Relating to the Group — Exposure to Mainland China Market*".

Advance Classification

The Group classifies the advances in a "two dimensional" structure: one dimension reflects exclusively the borrower's repayment ability and another dimension reflects the transaction specific characteristics.

The dimension that reflects the borrower 's repayment ability is classified into the following grading:

- Grades 1 through 15 — pass;
- Grade 16-17 — special mention;
- Grade 18 — sub-standard;
- Grade 19 — doubtful; and
- Grade 20 — loss.

In classifying the individual borrowers into one of the 20 gradings, the Group considers relevant factors including: (i) estimation of probability of default from the internal rating systems comprising statistical measurement and expert judgment with consideration of quantitative and qualitative elements such as the borrower's financial condition, the management and operation of the borrower's business, market conditions affecting the borrower's industry and demographic characteristics; and (ii) the payment history of the borrower.

Another dimension that reflects the transaction specific characteristics considers relevant factors including: (i) type of advance; (ii) seniority of the advance; and (iii) credit mitigation such as collateral and guarantee.

BEA believes that its advance classification policy is in compliance with the Banking Ordinance and the applicable guidelines of the Monetary Authority.

Recognition of Impaired Loans

The Group's impaired loans are sub-divided into three categories: "sub-standard" (Grade 18), "doubtful" (Grade 19) and "loss" (Grade 20). When the repayment of an advance is uncertain (for example, there is a past-due record of 90 days or more), the Group downgrades the advance to sub-standard. If full recovery of the advance is in doubt and the Group expects to sustain a loss of principal or interest, the Group classifies the advance as doubtful. Loss advances are those which are considered non-collectible after exhausting all collection efforts, such as the realisation of collateral and the institution of legal proceedings, and the liquidator or official receiver has ascertained the relevant recovery ratio.

Impairment of Loans and Receivables

Before 2018, the Group adopted the collective assessment approach and the individual assessment approach in accordance with HKAS 39 to ascertain the impairment amounts of its non-impaired and impaired credit exposures.

The following table sets forth a summary of the Group's impairment allowance from continuing operations for the year ended 31 December 2017:

	Year ended 31 December 2017
	(in HK$ millions, except percentages)
Beginning balance	3,883
Provision during the year	2,187
Bad debts charges recovered	(445)
Loans written off	(2,569)
Other movements	397
Closing balance	3,453
Impairment allowance as a percentage of:	
Total loans at year end	0.7%
Total impaired loans at year end	66.7%
Write-offs as a percentage of:	
Average total loans during the year	0.6%
Total loans at year end	0.5%
Total impaired loans at year end	49.6%
Impaired loan	5,177
Total loan	473,776

Commencing 1 January 2018, HKFRS 9 has been adopted for impairment assessment. Stage 1 or stage 2 impairment assessment is applied to non-impaired credit exposures while stage 3 assessment is applied to impaired credit exposures.

Stage 1 financial assets are comprised of all non-impaired financial assets which have not experienced a significant increase in credit risk ("**SICR**") since initial recognition. The Group recognises 12-month expected credit losses ("**ECL**") for stage 1 financial assets. In assessing whether credit risk has increased significantly, the Group compares the default risk as at the reporting date, with the default risk as at the date of its initial recognition.

Stage 2 financial assets are comprised of all non-impaired financial assets which have experienced a SICR since initial recognition. The Group recognises lifetime ECL for stage 2 financial assets. In subsequent reporting periods, if the credit risk of the financial assets improves such that there is no longer a SICR since initial recognition, the financial assets will be transferred back to stage 1 and the Group will recognise 12-month ECL.

Stage 3 financial assets are those that the Group has classified as credit-impaired. The Group recognises lifetime ECL for all stage 3 financial assets. The Group classifies financial assets as impaired when one or more events, which have a detrimental impact on the estimated future cash flows of the financial assets have occurred after its initial recognition. Evidence of impairment includes indications that the borrower is experiencing significant financial difficulties, or a default or delinquency (i.e. past-due record of 90 days or more) has occurred.

The following table sets forth a summary of the Group's reconciliations of the impairment allowance by class of financial instrument for the year ended 31 December 2018:

	Year ended 31 December 2018[1]			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	(in HK$ millions)			
Loans and advances to customers				
Balance at 1st January	839	1,028	1,177	3,044
Transfer to 12-month ECL	151	(151)	—	—
Transfer to lifetime ECL not credit-impaired	(8)	23	(15)	—
Transfer to lifetime ECL credit-impaired	(98)	(203)	301	—
New financial assets originated or purchased, assets derecognised, repayments and further lending	(88)	(230)	376	58
Write-offs	—	—	(1,649)	(1,649)
Changes in models	(229)	287	17	75
Net remeasurement of impairment allowances (including exchange adjustments)	(135)	105	1,045	1,015
Balance at 31st December	432	859	1,252	2,543
Of which:				
For advance to customers at amortised cost	431	855	1,061	2,347
For related accrued interest receivable	1	4	191	196
	432	859	1,252	2,543
Debt securities				
Balance at 1st January	277	13	—	290
Transfer to 12-month ECL	—	—	—	—
Transfer to lifetime ECL not credit-impaired	—	—	—	—
Transfer to lifetime ECL credit-impaired	—	—	—	—
New financial assets originated or purchased, assets derecognised, repayments and further lending	52	(2)	—	50
Write-offs	—	—	—	—
Changes in models	61	(1)	—	60
Net remeasurement of impairment allowances (including exchange adjustments)	(36)	(3)	—	(39)
Balance at 31st December	354	7	—	361
Of which:				
For debt securities at amortised cost	93	1	—	94
For related accrued interest receivable	1	—	—	1
	94	1	—	95
For debt securities at FVOCI	257	6	—	263
For related accrued interest receivable	3	—	—	3
	260	6	—	266

	Year ended 31 December 2018[1]			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	(in HK$ millions)			
Others				
Balance at 1st January	220	54	1	275
Transfer to 12-month ECL	5	(5)	—	—
Transfer to lifetime ECL not credit-impaired	(3)	3	—	—
Transfer to lifetime ECL credit-impaired	—	—	—	—
New financial assets originated or purchased, assets derecognised, repayments and further lending	1	(30)	—	(29)
Write-offs	—	—	—	—
Changes in models	(76)	(2)	—	(78)
Net remeasurement of impairment allowances (including exchange adjustments)	(33)	27	67	61
Balance at 31st December	114	47	68	229
Of which:				
For trade bills at FVOCI	5	—	—	5
For related accrued interest receivable	—	—	—	—
	5	—	—	5
For trade bills at amortised cost	3	—	1	4
For related accrued interest receivable	—	—	—	—
	3	—	1	4
For placements with banks and financial institutions	10	—	—	10
For related accrued interest receivable	—	—	—	—
	10	—	—	10
For cash and balances with banks and financial institutions	5	—	—	5
For related accrued interest receivable	—	—	—	—
	5	—	—	5
For loan commitments and financial guarantee contracts	66	45	—	111
For account receivables and other accounts	25	2	67	94

Note:

(1) This information has been extracted from the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2019.

The following table sets forth a summary of the Group's reconciliations of the impairment allowance by class of financial instrument for the year ended 31 December 2019:

	Year ended 31 December 2019[1]			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	(in HK$ millions)			
Loans and advances to customers				
Balance at 1st January	432	859	1,252	2,543
Transfer to 12-month ECL	60	(60)	—	—
Transfer to lifetime ECL not credit-impaired	(20)	45	(25)	—
Transfer to lifetime ECL credit-impaired	(49)	(268)	317	—
New financial assets originated or purchased, assets derecognised, repayments and further lending	208	2	640	850
Write-offs	—	—	(5,674)	(5,674)
Changes in models	—	—	—	—
Net remeasurement of impairment allowances (including exchange adjustments)	(129)	(60)	6,274	6,085
Balance at 31st December	502	518	2,784	3,804
Of which:				
For advance to customers at amortised cost	501	516	2,752	3,769
For related accrued interest receivable	1	2	32	35
	502	518	2,784	3,804
Debt securities				
Balance at 1st January	354	7	—	361
Transfer to 12-month ECL	—	—	—	—
Transfer to lifetime ECL not credit-impaired	—	—	—	—
Transfer to lifetime ECL credit-impaired	—	—	—	—
New financial assets originated or purchased, assets derecognised, repayments and further lending	44	1	—	45
Write-offs	—	—	—	—
Changes in models	—	—	—	—
Net remeasurement of impairment allowances (including exchange adjustments)	(39)	(4)	—	(43)
Balance at 31st December	359	4	—	363
Of which:				
For debt securities at amortised cost	73	1	—	74
For related accrued interest receivable	1	—	—	1
	74	1	—	75
For debt securities at FVOCI	282	3	—	285
For related accrued interest receivable	3	—	—	3
	285	3	—	288

	Year ended 31 December 2019[1]			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	(in HK$ millions)			
Others				
Balance at 1st January	114	47	68	229
Transfer to 12-month ECL	3	(3)	—	—
Transfer to lifetime ECL not credit-impaired	(1)	1	—	—
Transfer to lifetime ECL credit-impaired	—	—	—	—
New financial assets originated or purchased, assets derecognised, repayments and further lending	5	2	47	54
Write-offs	—	—	(1)	(1)
Changes in models	—	—	—	—
Net remeasurement of impairment allowances (including exchange adjustments)	(6)	(15)	(2)	(23)
Balance at 31st December	115	32	112	259
Of which:				
For trade bills at FVOCI	3	1	—	4
For related accrued interest receivable	—	—	—	—
	3	1	—	4
For trade bills at amortised cost	—	—	—	—
For related accrued interest receivable	—	—	—	—
	—	—	—	—
For placements with banks and financial institutions	5	—	—	5
For related accrued interest receivable	—	—	—	—
	5	—	—	5
For cash and balances with banks and financial institutions	9	—	—	9
For related accrued interest receivable	—	—	—	—
	9	—	—	9
For loan commitments and financial guarantee contracts	56	26	—	82
For account receivables and other accounts	42	5	112	159

Note:

(1) This information has been extracted from the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2019.

Top Ten Impaired Loans

As at 31 December 2019, the Group's ten largest impaired loans accounted for approximately 0.90% of its total advances and approximately 74.20% of its gross impaired loan portfolio. The majority of the borrowers of such ten largest impaired loans were engaged in wholesale and retail trade business and accounted for approximately 33.09% of the aggregate exposure relating to such ten largest impaired loans as at 31 December 2019. As at 31 December 2019, the Group's exposure under its ten largest impaired loans ranged from approximately HK$147 million to approximately HK$949 million per impaired loan, and amounted to approximately HK$4,592 million in the aggregate. As at 31 December 2018, the Group's exposure under its ten largest impaired loans ranged from approximately HK$73 million to approximately HK$491 million per impaired loan, and amounted to approximately HK$1,998 million in the aggregate. As at 31 December 2017, the Group's exposure under its ten largest impaired loans ranged from approximately HK$68 million to approximately HK$1,165 million per impaired loan, and amounted to approximately HK$3,202 million in the aggregate.

Impaired Loans That Have Been Restructured

The Group's classified advances/impaired loans are restructured on a case-by-case basis, subject to the approval of the appropriate lending parties for both the restructured limits and recovery measures. BEA believes that the Group maintains a prudent reclassification policy. For example, if payments under an advance are rescheduled, that advance will not be reclassified and will remain under adverse classification (either as a "sub-standard" or "doubtful" advance) and may only be upgraded to a special mention advance if the revised payment terms are honoured for a period of six months, in the case of monthly payments (including both interest and principal), and 12 months, in the case of non-monthly payments.

As at 31 December 2017, 2018 and 2019, the Group's impaired advances to customers including those that have been restructured through the rescheduling of principal repayments and deferral or waiver of interest were as follows:

	As at 31 December		
	2017	**2018**	**2019**
	(in HK$ millions, except percentages)		
Gross impaired advances to customers	5,177	3,491	6,189
Specific provisions/ Individual impairment loss allowance	1,059	1,061	2,752
Net impaired advances to customers	4,118	2,430	3,437
Gross impaired advances to customers as a percentage of total loan portfolio	1.1%	0.7%	1.2%
Net impaired advances to customers as a percentage of total loan portfolio	0.9%	0.5%	0.7%

In addition, there may be circumstances when a rescheduled loan is taken up by a new obligor. Under BEA's credit policy, if a rescheduled loan is taken up by a new obligor, BEA may regard it as a new loan (i.e. no longer a rescheduled loan) provided that (a) it is restructured with the new obligor on commercial terms; (b) the agreed haircut, if any, has been fully written off upon completion of restructuring; and (c) it is a genuine restructuring and not merely a transfer of an overdue loan among the borrower's group or related companies. Before entering into the restructuring, BEA must be satisfied with the creditworthiness and repayment ability of the new obligor. For example, the new obligor must have sufficient assets that can generate adequate funds to repay the outstanding debt.

Measured-at-amortised-cost/Held-to-maturity Debt Securities

The Group's measured-at-amortised-cost/held-to-maturity debt securities included listed and unlisted debt securities. As at 31 December 2017, 2018 and 2019, the book value of these securities were approximately HK$9,798 million, HK$19,021 million and HK$18,305 million, respectively, which represented approximately 6.9%, 12.8% and 11.1% of the Group's total investments securities, respectively. These debt securities included both Hong Kong dollar and U.S. dollar denominated bonds and notes. See "— *Asset and Liability Management*".

The following table sets forth a summary of the carrying values of the Group's measured-at-amortised-cost/held-to-maturity debt securities, categorised by the types of issuers as at the dates indicated:

	As at 31 December					
	2017	**Percentage of total**	**2018**	**Percentage of total**	**2019**	**Percentage of total**
	(in HK$ millions, except percentages)					
Measured-at-amortised-cost/Held-to-maturity securities issued by:						
Central governments and central banks	2,489	25.4%	2,684	14.1%	3,737	20.4%
Public sector entities	9	0.1%	46	0.2%	213	1.2%
Banks and other financial institutions	5,348	54.6%	5,031	26.5%	3,815	20.8%
Corporate entities	1,952	19.9%	11,260	59.2%	10,540	57.6%
Total	**9,798**	**100%**	**19,021**	**100%**	**18,305**	**100%**

ASSET AND LIABILITY MANAGEMENT

The Group's objective on asset and liability management is to maximise its net interest income and return on assets and equity while providing for liquidity and effective risk management. Recommendations to management on liquidity, interest rate policy and other significant asset and liability management matters are made by ALCO, which consists of Co-Chief Executives, two Deputy Chief Executives, Group Chief Risk Officer, Group Chief Financial Officer and Head of Treasury Markets Division. A representative from Asset & Liability Management Department acts as the secretary of ALCO.

One of the key components of the Group's asset and liability management is the management of market risk, interest rate risk and liquidity risk. The Group's policies regarding the management of these risks are formulated, and their implementations are coordinated, by ALCO. ALCO meets on a bi-weekly basis to formulate the asset and liability strategies, such as the deposit rates and advance pricing strategies. The Treasury Markets Division is responsible for the daily operating management of the discretionary portion of the Group's assets and liabilities within the approved internal limits. The derivative transactions entered into by the Group are substantially in response to customer demands, in addition to BEA book hedging, and no significant proprietary trading positions are maintained by the Group.

Interest rate risk primarily results from the timing differences in the repricing of interest rate sensitive assets, liabilities, and off balance sheet items in the banking book. In determining the level of interest rate risk, assessments are made for the gap risk, basis risk and options risk. The Group manages the interest rate risk on the banking book primarily by focusing on repricing mismatches. Gap analysis provides a static view of the maturity and repricing characteristics of the Group's interest rate sensitive assets, liabilities, and off balance sheet positions. Repricing gap position limits are set to control the Group's interest rate risk.

From 1 July 2019, in line with the new requirements set by the Monetary Authority, optionality and behavioural assumptions of certain products will also be estimated in the exposure measurement.

Sensitivity analysis in relation to the impact of changes in interest rates on earnings and economic value is assessed regularly through a number of hypothetical interest rate shock scenarios prescribed by the Monetary Authority. Sensitivity limits are set to control the Group's interest rate risk exposure under both earnings and economic value perspectives. The results are reported to ALCO on a regular basis.

The following table sets forth the interest rate shock impact to the Group according to the Monetary Authority predefined scenarios as at 31 December 2019:

	Adverse impacts from the Monetary Authority interest rate shock scenarios	**Economic Value of Equity**	**Net Interest Income**
		(in HK$ millions)	
1	Parallel up	113	13
2	Parallel down	2,339	2,781
3	Steepener	302	—
4	Flattener	22	—
5	Short rate up	62	—
6	Short rate down	1,479	—

Liquidity pertains to the Group's ability to meet obligations as they fall due. To manage liquidity risk, the Group has established a liquidity risk management policy which is reviewed by ALCO and approved by BEA's Board of Directors. The Group measures its liquidity through LCR, NSFR, loan-to-deposit ratio and the maturity mismatch portfolio.

The Group monitors its liquidity position on a daily basis to ensure the Group's funding needs can be met and the statutory ratios for monitoring and managing liquidity risk are complied with. The Group's consolidated average LCR was approximately 176% for the fourth quarter of 2019, which is above the statutory minimum requirement of 100%. For the quarter ended 31 December 2019, the Group's consolidated NSFR was approximately 113.0%, which is above the statutory minimum requirement of 100%.

As at 31 December 2017, 2018 and 2019, approximately 80.9%, 81.7% and 80.6%, respectively, of the Group's advances were made at floating rates of interest. The Group's interest-earning assets have floating interest rates fixed by reference to BEA's BLR, prime rate and interbank rates, and the Group's interest-bearing liabilities have floating interest rates by reference to interbank rates and savings deposit rates. ALCO continuously monitors the gap between HIBOR and the prime rate and, consequently, the impact on Group's net interest income. If the Group's net interest income declines due to the squeeze of the spread between BEA's prime rate and HIBOR, ALCO may recommend the adjustment of BEA's prime rate charged on advances and/or the expansion of higher-yield lending business.

The following table sets out the Group's average balances of interest-earning assets and interest-bearing liabilities, interest and related average interest rates for the years ended 31 December 2017, 2018 and 2019. Average balances of interest-earning assets and interest-bearing liabilities for the years ended 31 December 2017, 2018 and 2019 are based on the arithmetic mean of the respective balances at the beginning and the end of such period.

	Years ended 31 December								
	2017			**2018**			**2019**		
	Average balance	**Interest**	**Average rate (%)**	**Average balance**	**Interest**	**Average rate (%)**	**Average balance**	**Interest**	**Average rate (%)**
	(in HK$ millions, except percentages)								
ASSETS									
Interest-earning assets									
Customers loans and credit									
Advances to customers	461,925			484,429			508,522		
Trade bills less provision	13,623			14,107			13,157		
Total	475,548	16,607	3.5	498,536	19,437	3.9	521,679	21,912	4.2
Interbank placements and loans									
Cash and balances with banks	54,834			50,372			47,738		
Cash in hand	(1,264)			(1,268)			(1,221)		
Money at call and short notice	52,033			51,662			54,200		
Placements	6,248			11,193			10,554		
Advances to banks	—			—			—		
Total	111,851	1,637	1.5	111,959	2,002	1.8	111,271	1,998	1.8
Securities									
Treasury bills	24,864			29,055			31,741		
Certificates of deposit	4,473			2,648			3,192		
Debt securities	100,059			106,360			118,425		
Total	129,396	3,363	2.6	138,063	4,125	3.0	153,358	4,533	3.0
Total interest-earning assets	716,795	21,607	3.0	748,558	25,564	3.4	786,308	28,443	3.6
Allowance for possible loan losses	(3,699)			(2,415)			(3,201)		
Non-interest earning assets	77,128			79,729			81,355		
Total assets	790,224			825,872			864,462		
LIABILITIES									
Interest-bearing liabilities									
Deposits									
Deposits from customers	548,009	7,817	1.4	563,181	9,973	1.8	571,597	10,703	1.9
Deposits and balances of banks	28,431	527	1.9	33,877	774	2.3	35,756	847	2.4
Total	576,440	8,344	1.4	597,058	10,747	1.8	607,353	11,550	1.9
Other liabilities									
Certificates of deposits	37,352			47,727			62,572		
Debt securities issued	3,025			760			2,557		
Loan capital	17,078			12,316			13,042		
Total	57,455	1,264	2.2	60,803	1,589	2.6	78,171	2,377	3.0
Total interest-bearing liabilities	633,895	9,608	1.5	657,861	12,336	1.9	685,524	13,927	2.0
Non interest-bearing liabilities	60,685			64,793			71,788		
Total liabilities	694,580			722,654			757,312		
NET INTEREST INCOME		11,999			13,228			14,516	
NET INTEREST SPREAD[1]			1.5			1.5			1.6

Note:

(1) Net interest spread is the difference between average interest yield on interest-earning assets and average funding cost on interest-bearing liabilities.

INTERNAL AUDIT

The Internal Audit Division is responsible for auditing the Group's operations and evaluates the appropriateness of the control design and the operating effectiveness of the risk management and internal control systems that safeguard the Group's assets, ensure the reliability of financial information and the compliance with relevant regulatory and statutory requirements. The results of internal audit would be communicated to the senior management and internal audit recommendations are followed up for implementation. Internal audit report summarising results of the Group's audit activities and key audit findings are presented to the Audit Committee on a quarterly basis.

COMPLIANCE

The Compliance Division was established to administer regulatory compliance issues concerning the Group's business. It is responsible for establishing and reviewing compliance policies and guidelines and ensuring that they remain effective. It reviews new products and business proposals (from the capacity as a member of the Steering Group for New Product and Business Risk Management), conducts periodic review of the Group's activities and advises senior management of the Group in accordance with applicable laws, rules and regulations. Another key function of the Compliance Division is to raise compliance awareness amongst staff members. Amongst others, a Compliance Risk Management Policy has been issued to relevant staff members of the Group. Forming part of the Compliance Risk Management Policy, a Group Policy on Anti-Money Laundering and Counter-Financing of Terrorism, which adheres to those requirements stipulated in the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615) of Hong Kong, and the Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Authorized Institutions) issued by the Monetary Authority is also available to staff members of the Group. In addition, the Group's internal controls are also reviewed by its internal auditors. Regular training sessions are conducted and newsletters are issued to update the Group's staff members on any significant regulatory changes relevant to the operations of the Group.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

This section replaces the section headed "Board of Directors and Senior Management" included on pages 97 to 105 of the Original Offering Circular in its entirety.

BOARD OF DIRECTORS

BEA is managed by its Board of Directors, which is responsible for the direction and management of BEA. The articles of association of BEA require that there must be not less than five Directors, unless and until otherwise determined by an ordinary resolution of the shareholders of BEA. Directors are appointed at any time either at a general meeting of shareholders or by the Board of Directors.

After the conclusion of the AGM of BEA held on 24 April 2020, the Board of Directors of BEA comprised the following individuals:

Name	Age	Title
Dr. the Hon. Sir David LI Kwok-po	81	Executive Chairman
Professor Arthur LI Kwok-cheung	74	Non-executive Director (Deputy Chairman)
Dr. Allan WONG Chi-yun	69	Independent Non-executive Director (Deputy Chairman)
Mr. Aubrey LI Kwok-sing	70	Non-executive Director
Mr. Winston LO Yau-lai	78	Non-executive Director
Mr. Stephen Charles LI Kwok-sze	60	Non-executive Director
Mr. Adrian David LI Man-kiu	46	Co-Chief Executive
Mr. Brian David LI Man-bun	45	Co-Chief Executive
Dr. Daryl NG Win-kong	41	Non-executive Director
Mr. Masayuki OKU	75	Non-executive Director
Dr. the Hon. Rita FAN HSU Lai-tai	74	Independent Non-executive Director
Mr. Meocre LI Kwok-wing	65	Independent Non-executive Director
Dr. the Hon. Henry TANG Ying-yen	67	Independent Non-executive Director
Dr. Delman LEE	53	Independent Non-executive Director
Mr. William Junior Guilherme DOO	46	Independent Non-executive Director

Dr. the Hon. Sir David LI Kwok-po, *GBM, GBS, OBE, JP, MA Cantab. (Economics & Law), Hon. LLD (Cantab), Hon. DSc. (Imperial), Hon. LLD (Warwick), Hon. DBA (Edinburgh Napier), Hon. D.Hum.Litt. (Trinity, USA), Hon. LLD (Hong Kong), Hon. DSocSc (Lingnan), Hon. DLitt (Macquarie), Hon. DSocSc (CUHK), FCA, FCPA, FCPA (Aust.), FCIB, FHKIB, FBCS, CITP, Officier de l'Ordre de la Couronne, Grand Officer of the Order of the Star of Italian Solidarity, The Order of the Rising Sun, Gold Rays with Neck Ribbon, Commandeur dans l'Ordre National de la Légion d'Honneur*
Executive Chairman and Member of the Nomination Committee

Sir David, aged 81, joined BEA in 1969. He was appointed a Director in 1977, Chief Executive in 1981, Deputy Chairman in 1995 and Chairman in 1997. On 1 July 2019, Sir David stepped down as Chief Executive and was re-designated as Executive Chairman of BEA. Sir David is also the Chairman of BEA (China) and The Bank of East Asia Charitable Foundation Limited.

Sir David is an Independent Non-executive Director of Guangdong Investment Limited (listed in Hong Kong), The Hong Kong and China Gas Company Limited (listed in Hong Kong), The Hongkong and Shanghai Hotels, Limited (listed in Hong Kong), San Miguel Brewery Hong Kong Limited (listed in Hong Kong) and Vitasoy International Holdings Limited (listed in Hong Kong). He was an Independent Non-executive Director of PCCW Limited (listed in Hong Kong).

Sir David is a Member of the Council of the Treasury Markets Association. He is Founding Chairman of The Friends of Cambridge University in Hong Kong Limited, Chairman of the Advisory Board of The Salvation Army, Hong Kong and Macau Command, Chairman of the Executive Committee of St. James' Settlement and a Fellow of the Hong Kong Academy of Finance. He was a Member of the Executive Council of HKSAR from 2005 to 2008 and a Member of the Legislative Council of Hong Kong from 1985 to 2012.

Professor Arthur LI Kwok-cheung, *GBM, GBS, MA, MD, M.B.B.Chir (Cantab), DSc (Hon), DLitt (Hon), Hon DSc (Med), LLD (Hon), Hon Doc (Soka), Hon Doc (KNUA), FRCS (Eng & Edin), FRACS, Hon FACS, Hon FRCS (Glasg & I), Hon FRSM, Hon FPCS, Hon FCSHK, Hon FRCP (Lond), JP*
Deputy Chairman, Non-executive Director and Member of the Remuneration Committee

Professor Li, aged 74, was a Director of BEA (1995-2002) and was re-appointed a Director in 2008 and was appointed a Deputy Chairman in 2009.

Professor Li is a Member of the Executive Council of HKSAR (he was also a Member during 2002 to June 2007 and from July 2012 to June 2017). Professor Li is also the Chairman of the Council for Sustainable Development of HKSARG and the Chairman of the Council of the University of Hong Kong. Professor Li was a Member of the National Committee of the Chinese People's Political Consultative Conference ("**CPPCC**") (1998-2018).

Professor Li is an Independent Non-executive Director of Shangri-La Asia Limited (listed in Hong Kong) and Nature Home Holding Company Limited (listed in Hong Kong), and a Non-executive Director (from May 2010 to December 2014, and was re-appointed on 20 January 2016) of BioDiem Ltd.

Professor Li was the Secretary for Education and Manpower of HKSARG (2002-June 2007). Before these appointments, he was the Vice Chancellor of the Chinese University of Hong Kong (1996-2002) and was the Chairman of Department of Surgery and the Dean of Faculty of Medicine of the Chinese University of Hong Kong.

Professor Li had held many important positions in various social service organisations, medical associations, and educational bodies, including the Education Commission, Committee on Science and Technology, the Hospital Authority, the Hong Kong Medical Council, the University Grants Committee, the College of Surgeons of Hong Kong, and the United Christian Medical Services Board.

He was a Member of the Board of Directors of the Hong Kong Science and Technology Parks Corporation and the Hong Kong Applied Science and Technology Research Institute, and Vice President of the Association of University Presidents of China. He was a Hong Kong Affairs Adviser to China.

Dr. Allan WONG Chi-yun, *GBS, MBE, BSc, MSEE, Hon. DTech, JP*
Deputy Chairman, Independent Non-executive Director, Chairman of the Nomination Committee, and Member of the Audit Committee, the Remuneration Committee and the Risk Committee

Dr. Wong, aged 69, was appointed a Director in 1995 and a Deputy Chairman in 2009. He is the Chairman and Group Chief Executive Officer of VTech Holdings Limited (listed in Hong Kong). Dr. Wong is an Independent Non-executive Director of China-Hongkong Photo Products Holdings Ltd. (listed in Hong Kong), Li & Fung Ltd (listed in Hong Kong) and MTR Corporation Limited (listed in Hong Kong).

Dr. Wong holds a Bachelor of Science degree in electrical engineering from the University of Hong Kong, a Master of Science degree in electrical and computer engineering from the University of Wisconsin and an honorary degree of Doctor of Technology from the Hong Kong Polytechnic University.

Mr. Aubrey LI Kwok-sing, *ScB, MBA*
Non-executive Director and Member of the Risk Committee

Mr. Li, aged 70, was appointed a Director in 1995. He is Chairman of IAM Family Office Limited (formerly known as IAM Holdings (Hong Kong) Limited) and Chairman of the Advisory Board of MCL Financial Group Limited, both Hong Kong based investment firms. Mr. Li possesses extensive experience in the fields of investment banking, merchant banking and capital markets. He is also an Independent Non-executive Director of Café de Coral Holdings Limited (listed in Hong Kong), Kunlun Energy Company Limited (listed in Hong Kong), Kowloon Development Co. Ltd (listed in Hong Kong), Pokfulam Development Company Limited (listed in Hong Kong) and Tai Ping Carpets International Limited (listed in Hong Kong). He was an Independent Non-executive Director of China Everbright International Limited (listed in Hong Kong).

Mr. Li has an ScB in Civil Engineering from Brown University and a Master of Business Administration from Columbia University.

Mr. Winston LO Yau-lai, *SBS, BSc, MSc*
Non-executive Director

Mr. Lo, aged 78, was appointed a Director in 2000. He is the Executive Chairman of Vitasoy International Holdings Limited (listed in Hong Kong).

Mr. Lo graduated from the University of Illinois with a Bachelor of Science degree in Food Science and gained his Master of Science degree in Food Science from Cornell University.

Mr. Lo is the Chairman of Ping Ping Investment Company Ltd. He is an Honorary Court Member of the Hong Kong University of Science and Technology and a Life Member of Cornell University Council.

Mr. Stephen Charles LI Kwok-sze, *BSc (Hons.), ACA*
Non-executive Director

Mr. Li, aged 60, was appointed a Director in 2006. He is a Member of the Institute of Chartered Accountants in England and Wales. Mr. Li holds a Bachelor of Science (Hons.) Degree in Mathematics from King's College, University of London, U.K. He is a Director of Affin Hwang Investment Bank Berhad. He has extensive experience in investment banking, having held senior capital markets positions with international investment banks in London and Hong Kong and board positions with international investment funds.

Mr. Li is a member of the Executive Committee and the Honorary Treasurer of The Keswick Foundation.

Mr. Adrian David LI Man-kiu, *MA (Cantab), MBA, LPC, JP*
Co-Chief Executive

Mr. Li, aged 46, was appointed an Executive Director in 2014. He first joined BEA in 2000 as General Manager & Head of Corporate Banking Division. He was appointed Deputy Chief Executive in April 2009 and Co-Chief Executive in July 2019, and is responsible for overall management and control of the Group with a particular focus on its Hong Kong Business. He serves on the boards of several Group members as Chairman or Member.

Mr. Li is currently an Independent Non-executive Director of two listed companies under the Sino Group (Sino Land Company Limited (listed in Hong Kong) and Tsim Sha Tsui Properties Limited (listed in Hong Kong)), China State Construction International Holdings Limited (listed in Hong Kong), and COSCO SHIPPING Ports Limited (listed in Hong Kong), and is a Non-executive Director of The Berkeley Group Holdings plc (listed in London). He is also a member of Mastercard's Asia Pacific Advisory Board and was previously an Independent Non-executive Director of Sino Hotels (Holdings) Limited (listed in Hong Kong).

Mr. Li is a Member of the Anhui Provincial Committee of CPPCC and a Counsellor of the Hong Kong United Youth Association. He is Chairman of The Chinese Banks' Association, Vice President of The Hong Kong Institute of Bankers' Council and a Member of the MPF Industry Schemes Committee of the Mandatory Provident Fund Schemes Authority. He is a Board Member of The Community Chest of Hong Kong and serves on its Executive Committee, a Member of the Advisory Board of The Salvation Army, Hong Kong and Macau Command, and a Trustee of The University of Hong Kong's occupational retirement schemes. Furthermore, he serves as a Member of the Election Committees responsible for electing the Chief Executive of the HKSAR and deputies of the HKSAR to the 13th National People's Congress ("**NPC**"). He also sits on the Judging Panel of the BAI Global Innovation Awards.

Mr. Li holds a Master of Management Degree from Kellogg School of Management, Northwestern University in the United States, and a Master of Arts Degree and Bachelor of Arts Degree in Law from the University of Cambridge in Britain. He is a Member of The Law Society of England and Wales, and The Law Society of Hong Kong.

Mr. Brian David LI Man-bun, *JP, MA (Cantab), MBA, FCA*
Co-Chief Executive

Mr. Li, aged 45, was appointed an Executive Director in 2014. He first joined the Group in 2002. He was General Manager & Head of Wealth Management Division of BEA from July 2004 to March 2009. He was appointed Deputy Chief Executive in April 2009 and Co-Chief Executive in July 2019. He is responsible for the overall management and control of the Group with a particular focus on its China and international businesses. He serves on the boards of several Group members as Chairman or as a Member.

Mr. Li is currently an Independent Non-executive Director of Towngas China Company Limited (listed in Hong Kong), Shenzhen Investment Holdings Bay Area Development Company Limited (formerly known as Hopewell Highway Infrastructure Limited) (listed in Hong Kong) and China Overseas Land & Investment Limited (listed in Hong Kong).

Mr. Li holds a number of public and honorary positions, including being a Member of the National Committee of CPPCC, a Member of the Chief Executive's Council of Advisers on Innovation & Strategic Development of HKSARG, a Council Member of the Hong Kong Trade Development Council, a Director of the Financial Services Development Council, a Member of the Aviation Development and Three-runway System Advisory Committee, and Vice Chairman of the Executive Committee of St. James' Settlement.

He is a Member of the Hong Kong-Europe Business Council and a Member of the Hongkong-Japan Business Co-operation Committee. He is also a Vice Chairman of the Asian Financial Cooperation Association and a Member of the Financial Consulting Committee for the Authority of Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone of Shenzhen.

Mr. Li is a Fellow of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. He is also a Full Member of the Treasury Markets Association. He holds an MBA degree from Stanford University as well as a BA degree from the University of Cambridge.

Dr. Daryl NG Win-kong, *BA, MSc, DHL, JP*
Non-executive Director and Member of the Risk Committee

Dr. Ng, aged 41, was appointed a Director in 2015. He is currently an Executive Director and Deputy Chairman of Sino Land Company Limited (listed in Hong Kong), Tsim Sha Tsui Properties Limited (listed in Hong Kong) and Sino Hotels (Holdings) Limited (listed in Hong Kong). He is also the Chairman, Non-independent & Non-executive Director of Yeo Hiap Seng Limited (listed in Singapore).

Dr. Ng holds a Bachelor of Arts Degree in Economics, a Master Degree of Science in Real Estate Development from Columbia University in New York and an Honorary Doctor of Humane Letters Degree from Savannah College of Art and Design. He was awarded an Honorary University Fellowship by The Open University of Hong Kong in 2016.

Dr. Ng is a member of the Global Leadership Council of Columbia University in the City of New York, a member of the 10th Sichuan Committee of the CPPCC, a member of the 12th and 13th Beijing Municipal Committee of the CPPCC, a member of the 10th and 11th Committees of the All-China Youth Federation and the Deputy Chairman of the Chongqing Youth Federation. He is the Vice Chairman of Hong Kong United Youth Association, a Council Member of the Hong Kong Committee for UNICEF, a Council Member of The Hong Kong Management Association, a Council Member of Hong Kong Chronicles Institute Limited, a co-opted member of the Community Care Fund Task Force of Commission on Poverty of HKSARG, a member of the Estate Agents Authority of HKSAR, a member of the Council of the University of Hong Kong, a member of the Court of the Hong Kong University of Science and Technology, a member of NUS Medicine International Council at the Yong Loo Lin School of Medicine of National University of Singapore, a member of International Advisory Council of Singapore Management University, a member of the Board of M Plus Museum Limited, a Board Member of National Heritage Board, Singapore, a member of Hong Kong Trade Development Council Mainland Business Advisory Committee, a Director of The Real Estate Developers Association of Hong Kong, a Director of The Community Chest of Hong Kong and an Advisor of Our Hong Kong Foundation.

Mr. Masayuki OKU, *LL.B, LL.M, the Order of Industrial Service Merit Silver Tower*
Non-executive Director and Member of the Nomination Committee

Mr. Oku, aged 75, was appointed a Director in 2015. He is an Independent Non-executive Director of Komatsu Ltd., Chugai Pharmaceutical Co., Ltd., Rengo Co., Ltd. and The Royal Hotel, Limited, all of which are companies listed in Japan. Mr. Oku is also the Honorary Advisor of Sumitomo Mitsui Financial Group, Inc. ("**SMFG**") (listed in Japan and USA) and an Auditor of Nankai Electric Railway Co. Ltd. (listed in Japan). He was an Independent Non-executive Director of Kao Corporation and Panasonic Corporation (both listed in Japan).

Mr. Oku began his career in 1968 at The Sumitomo Bank, Limited. After engaging in the bank's key acquisitions and investments in the 1980's, he was transferred to New York and appointed General Manager of Chicago Branch in 1991. He returned to Tokyo in 1992, assumed the position of General Manager of the Corporate Planning Department, and was elected as a member of the Board of Directors of the bank in 1994. In 1999, Mr. Oku was appointed Secretary General of the Integration Strategy Committee of the bank, leading its merger process with The Sakura Bank, Limited, which culminated in the formation of Sumitomo Mitsui Banking Corporation ("**SMBC**") in 2001. In 2003, he became Deputy President of SMBC, heading Corporate Banking and International Banking Units. In 2005, he was appointed President and CEO of SMBC and Chairman of the Board of SMFG, the holding company of SMBC. During his tenure as President and CEO of SMBC, he also served as Chairman of Japanese Bankers Association in 2007 and 2010. In April 2011, he resigned as President and CEO of SMBC to devote himself to his duties as Chairman of the Board of SMFG. Mr. Oku also served as Vice Chairman of Keidanren (Japan Business Federation) from 2011 to 2015. In April 2017, Mr. Oku stepped down as Chairman of the Board of SMFG and remained as a Director until 28 June 2017.

Mr. Oku received his Bachelor of Law degree from Kyoto University in 1968 and his Master of Laws (LL.M) degree from Michigan Law School in 1975. He was awarded the Order of Industrial Service Merit Silver Tower by the Government of the Republic of Korea in 2009.

Dr. the Hon. Rita FAN HSU Lai-tai, *GBM, GBS, DSocSc, JP*
Independent Non-executive Director, Chairman of the Remuneration Committee and Member of the Nomination Committee

Dr. Fan, aged 74, was appointed a Director in 2016. She is currently an Independent Non-executive Director of China Overseas Land & Investment Limited (listed in Hong Kong) and COSCO SHIPPING Ports Limited (listed in Hong Kong). She was an Independent Non-executive Director of COSCO SHIPPING Holdings Co., Ltd. (listed in Hong Kong) and China Shenhua Energy Company Limited (listed in Hong Kong).

Dr. Fan is one of Hong Kong's best-known public figures and has an outstanding track record of community service. Dr. Fan was appointed to the Legislative Council of Hong Kong from 1983 to 1992 and was a Member of the Executive Council of Hong Kong from 1989 to 1992. She became the President of the Provisional Legislative Council in 1997, and has since been re-elected as the President of the First, Second and Third Legislative Council until 30 September 2008. Dr. Fan served as President of the legislature of HKSAR for 11 years.

In the lead-up to Hong Kong's reunification with China, Dr. Fan played a valuable role as a Member of the Preliminary Working Committee for the Preparatory Committee for HKSAR from 1993 to 1995 and of the Preparatory Committee for HKSAR from 1995 to 1997. She was elected as a Hong Kong Deputy to the 9th, 10th, 11th, and 12th sessions of NPC during 1998 to 2018, and was concurrently a Member of the Standing Committee of the 11th and 12th sessions of the NPC from 2008 to 2018. Dr. Fan is now serving as the Chairman of Board of Management of the Endeavour Education Centre Limited and the Endeavour Education Trust.

After graduating from St. Stephen's Girls' College, Dr. Fan studied at the University of Hong Kong, and was awarded a Bachelor degree in Science and a Master degree in Social Science. She was awarded Honorary Doctorate degrees in Social Science by the University of Hong Kong, the City University of Hong Kong, the Hong Kong Polytechnic University and the Education University of Hong Kong, and an Honorary Doctorate in Law from the China University of Political Science and Law of the People's Republic of China. Her record of public service was acknowledged by HKSARG through the award of the Gold Bauhinia Star in 1998 and Hong Kong's top award, the Grand Bauhinia Medal, in 2007.

Mr. Meocre LI Kwok-wing, *BCom, CPA*
Independent Non-executive Director, Chairman of the Audit Committee and Member of the Risk Committee

Mr. Li, aged 65, was appointed a Director in 2016. He is the Chief Executive of Alpha Alliance Finance Holdings Limited.

Mr. Li was the Managing Partner of Arthur Andersen, one of the major international accounting firms, taking charge of its Hong Kong and China operations from September 1993 to February 1995. He was the Managing Director and Head of Corporate Finance of NatWest Securities Asia from March 1995 to March 1998. He was the Chief Executive of ICEA Finance Holdings Limited (from March 1998 to March 2002), an investment banking joint venture between The Industrial and Commercial Bank of China and BEA, prior to the company's becoming a wholly-owned subsidiary of BEA, which was subsequently renamed as Tung Shing Holdings Company Limited and disposed to SinoPac Securities (Cayman) Holdings Limited on 6 April 2016.

Mr. Li received a Bachelor of Commerce degree, with distinction, from University of Alberta, Canada. Upon graduation, he was awarded the Financial Executives Institute Silver Medal for "Highest Standing in Finance". He also earned a Postgraduate Management Diploma from the Harvard Business School, and is a member of the Hong Kong Institute of Certified Public Accountants.

Mr. Li is an Independent Non-executive Director of BEA (China). He is also the chairman of its audit committee, the acting chairman of its connected transactions control committee and a member of its risk management committee.

Dr. the Hon. Henry TANG Ying-yen, *GBM, GBS, JP*
Independent Non-executive Director, Chairman of the Risk Committee and Member of the Audit Committee, the Nomination Committee and the Remuneration Committee

Dr. Tang, aged 67, was appointed a Director in 2017. He was the Chief Secretary for Administration of HKSARG from 2007 to 2011 and the Financial Secretary of HKSARG from 2003 to 2007. He served as a member of the Executive Council of HKSAR from 1997 to 2011 and was a member of the Legislative Council of Hong Kong from 1991 to 1998.

Dr. Tang is a Standing Committee Member of CPPCC, Chairman of the West Kowloon Cultural District Authority Board, Chairman of Friends of Hong Kong Association, Chairman of Federation of HK Jiangsu Community Organisations Limited and Chairman of Shanghai Tang Junyuan Education Foundation.

Dr. Tang received a Bachelor of Arts degree from the University of Michigan. In 1993, Dr. Tang was named Global Leader for Tomorrow by the World Economic Forum. In 1989, he won the Young Industrialist of Hong Kong award.

Dr. Delman LEE, *BEng, DPhil*
Independent Non-executive Director and Member of the Audit Committee, the Nomination Committee and the Risk Committee

Dr. Lee, aged 53, was appointed a Director in 2017. He is currently the President and Chief Technology Officer of TAL Apparel Limited. He is also a non-executive director of Tradelink Electronic Commerce Limited (listed in Hong Kong) and Dairy Farm International Holdings Limited (listed in London, Bermuda and Singapore).

Dr. Lee is a Council Member of The Hong Kong Management Association. Dr. Lee possesses extensive experience in information technology and management in global operations. He also has a strong background in research.

Dr. Lee holds a doctorate from the University of Oxford and a Bachelor's degree in Electrical and Electronic Engineering from the Imperial College, London.

Mr. William Junior Guilherme DOO, *BA, MA (Oxon), JP*
Independent Non-executive Director, Member of the Audit Committee and the Risk Committee

Mr. Doo, aged 46, was appointed a Director in November 2019. He is currently the Chief Executive Officer and Director of Fungseng Prosperity Holdings Limited, the Deputy Chief Executive Officer and Executive Director of FSE Holdings Limited, an Executive Director of FSE Services Group Limited (listed in Hong Kong) and a Non-executive Director of NWS Holdings Limited (listed in Hong Kong).

Mr. Doo is a solicitor admitted in Hong Kong and is currently a non-practising solicitor in England and Wales. He had legal practice experience in one of the largest global law firms specialising in finance and corporate transactions. He is a member of the Standing Committee of the 13th CPPCC in Beijing of the PRC. He serves in different committees of HKSARG, including a member of the Immigration Department Users' Committee, a member of the Standing Committee on Young Offenders and a committee member of the Disciplinary Panel of The Hong Kong Institute of Certified Public Accountants.

Mr. Doo graduated from University of Oxford with B.A. and M.A. degrees in Jurisprudence. He was appointed as Justice of the Peace in 2018, and was awarded the honour of Chevalier de I'Ordre National du Mérite by the President of the French Republic.

Mr. Doo is an Independent Non-executive Director of BEA (China). He is also a member of its audit committee and remuneration & nomination committee.

SENIOR MANAGEMENT

Mr. Adrian David LI Man-kiu, *MA (Cantab), MBA, LPC, JP*
Co-Chief Executive

Biographical details are set out above under "*Board of Directors*".

Mr. Brian David LI Man-bun, *JP, MA (Cantab), MBA, FCA*
Co-Chief Executive

Biographical details are set out above under "*Board of Directors*".

Mr. Samson LI Kai-cheong, *FCCA, CPA, FCIS, FCS, HKSI*
Deputy Chief Executive & Chief Investment Officer

Mr. Li, aged 59, joined BEA in 1987 as Chief Internal Auditor. He was promoted to Deputy Chief Executive & Chief Investment Officer in April 2009. Mr. Li is primarily responsible for BEA's investment activities and treasury & broking operations including treasury markets. He is also a Director of various members of the Group and a Member of various committees appointed by the Board.

Mr. Li is a Fellow of The Hong Kong Institute of Chartered Secretaries, the Institute of Chartered Secretaries & Administrators, and The Association of Chartered Certified Accountants. In addition, he is an Associate of the Hong Kong Institute of Certified Public Accountants and a Member of the Hong Kong Securities and Investment Institute. Mr. Samson Li received his Professional Diploma in Accountancy from The Hong Kong Polytechnic University.

Mr. TONG Hon-shing, *BSc, ACIB, FCIS, FCS, Fellow CB*
Deputy Chief Executive & Chief Operating Officer

Mr. Tong, aged 60, joined BEA in 1975. He was promoted to Assistant General Manager in 1995 and to General Manager in 2000. He was General Manager & Head of Personal Banking Division from 2001 to March 2009. He was further promoted to Deputy Chief Executive and Chief Operating Officer in April 2009. Mr. Tong is primarily responsible for operations support, compliance, human resources, and corporate communications of BEA. He is also a Director of various members of the Group and a Member of various committees appointed by the Board.

Mr. Tong is a Fellow Certified Banker of The Hong Kong Institute of Bankers, a Fellow of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries & Administrators as well as an Associate of The Chartered Institute of Bankers. He holds a BSc from the University of Manchester.

OTHER SUPPLEMENTAL INFORMATION

AUTHORISATIONS

BEA has obtained all necessary consents, approvals and authorisations as may be required in connection with the issue of the Notes, including, but not limited to, approval by the Monetary Authority. The issue of the Notes was duly authorised by resolutions of the Board of Directors of BEA dated 24 April 2020.

NO MATERIAL ADVERSE CHANGE

Except as disclosed in this Supplementary Offering Circular, there has been no material adverse change in the financial or trading position or the prospects of the Issuer or of the Group since 31 December 2019.

LISTING

Application will be made to the HKSE for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only and such permission is expected to become effective on or about 1 June 2020.

SELLING RESTRICTIONS

1. The following replaces the sub-section headed "*Selling Restrictions — European Economic Area*" under the section headed "*Subscription and Sale*" on page 240 of the Original Offering Circular in its entirety.

   "European Economic Area

   Prohibition of Sales to EEA and UK Retail Investors

   Each Joint Lead Manager has represented and agreed, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area or in the UK. For the purposes of this provision:

   a) the expression "retail investor" means a person who is one (or more) of the following:

      i. a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

      ii. a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

   b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes."

2. The following replaces the sub-section headed "*Selling Restrictions — United Kingdom*" under the section headed "*Subscription and Sale*" on page 240 of the Original Offering Circular in its entirety.

"United Kingdom

Each Joint Lead Manager has represented, warranted and agreed, that:

(1) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(2) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom."

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