Press Release

The Hong Kong Mortgage Corporation Ltd. **American Express Bank Ltd.**

HK$4,000,000,000 Mortgage Purchase and HOME Programme

Signing Ceremony

American Express Bank Ltd. (AEB), at a signing ceremony held today (24 June 2002), signed a forward commitment agreement with the Hong Kong Mortgage Corporation (HKMC) to sell an aggregate of HK$4 billion of mortgage loans from its retained portfolio to the Corporation in the next 12 months. AEB also signed a Letter of Intent to join the Home Owner Mortgage Enhancement ("HOME") Programme to be introduced by the HKMC.

Mr Peter Pang, Chief Executive Officer of the HKMC said, "This forward commitment by the American Express Bank reflects the continued interest of the banking community in HKMC's Mortgage Purchase Programme. The Programme provides a win-win solution that benefits both the Bank and the HKMC. It helps the Bank manage the concentration and liquidity risks of its mortgage portfolio and provides the means for the Corporation to fulfill its objective of enhancing monetary and banking stability by acting as a liquidity provider for financial institutions."

"We are glad to see American Express Bank taking the lead in joining the HOME Programme. The primary objectives of the HOME Programme are to alleviate the financial burden of homeowners in negative equity and to provide an effective tool for banks to reduce the credit risk of mortgage loans with current loan-to-value ratio above 100%," added Mr Pang.

"American Express Bank has been very supportive of HKMC's initiatives to help develop the local secondary mortgage market. This transaction is especially remarkable as it marks the largest amount of mortgage loan sales ever made by authorized institutions in Hong Kong, and represents our long-term commitment in developing our mortgage business here," said Mr Alan Tsang, Senior Country Executive for Hong Kong, American Express Bank.

"We are pleased to be the first bank in Hong Kong to participate in HKMC's HOME Programme, which is scheduled to be launched in July. We believe that homeowners in negative equity will immediately benefit from a significant saving and reduction in monthly repayment," added Mr Tsang.

The Hong Kong Mortgage Corporation Ltd. American Express Bank Ltd.
24 June 2002