恒 生 銀 行
HANG SENG BANK

香港按揭證券有限公司
The Hong Kong Mortgage Corporation Limited

20 April 2004

MORTGAGE INSURANCE PROGRAMME

HONG KONG MORTGAGE CORPORATION AND HANG SENG SIGN DELEGATED UNDERWRITING ARRANGEMENT

Hang Seng Bank has been authorised by the Hong Kong Mortgage Corporation Limited (HKMC) to approve mortgage loans with a loan-to-value ratio (LTV) of up to 90% under a new Delegated Underwriting Arrangement (DUA) signed between the two parties today (20 April 2004). The HKMC also announced an expansion of its Mortgage Insurance Programme (MIP) to extend the maximum tenor of 90% LTV mortgages from 25 years to 30 years.

Hang Seng Bank has the privilege to be the first bank that has entered into such a DUA with the HKMC. The arrangement allows the Bank to offer fast and efficient mortgage services to meet the rising demand of customers for 90% MIP loans.

The average turnaround time for approving an application for a 90% MIP loan under the DUA will be reduced. As a result, Hang Seng Bank will have the flexibility to offer expedited approval service to customers.

The key criteria of the DUA comprise a maximum loan amount of HK$5 million, borrowers with a regular salary and a maximum debt-to-income ratio of 40%. Applications that fall outside these criteria will continue to be submitted to the HKMC for approval. The DUA criteria will be subject to further review for possible relaxation in light of actual underwriting experience.

Mr Mok Wai-kin, Managing Director and General Manager of Hang Seng Bank, said, “We are pleased that Hang Seng is the first bank to sign the new DUA with HKMC. As a leading bank in the mortgage market, Hang Seng is committed to providing efficient and comprehensive mortgage loan services. The signing of the DUA reinforces our position as one of the major banks that offer MIP loans.”

“We have seen rising demand for 90% MIP loans in light of the improved sentiment in the property market. Customers will benefit from the DUA as the current approval procedures for mortgage insurance loans will be streamlined,” Mr Mok said.

Mr Peter Pang, Chief Executive Officer of the HKMC, said, “The current approval turnaround time for MIP applications is within two days. As most banks have become fully conversant with the eligibility criteria and underwriting standard of the MIP, the HKMC is confident that it can delegate the underwriting of the more straightforward MIP applications to the originating banks without affecting the asset quality of the insured mortgages. The arrangement will further expedite the MIP approval process and hence make it even more convenient to potential homebuyers. ”

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Hong Kong Mortgage Corporation and Hang Seng Sign Delegated Underwriting Arrangement / 2

Responding to the requests from banks and homebuyers, the HKMC has also decided to extend the maximum tenor for 90% LTV loans from 25 years to 30 years in line with that of insured mortgages with LTV ratio of up to 85%. The wider selection of mortgage insurance products and services will provide more choices to suit the varying needs of homebuyers.

"The relaxation of the maximum tenor will help to promote homeownership by reducing the monthly mortgage repayment amount and enabling more homebuyers to meet the maximum 50% debt-to-income ratio through extending the tenor of the mortgage loan. Working closely with banks, the HKMC stands ready to facilitate mortgage arrangements that are considered helpful to homebuyers," Mr Pang said.

About Hang Seng Bank

Founded in 1933, Hang Seng Bank is a principal member of the HSBC Group and the second largest listed bank in Hong Kong in terms of market capitalisation. It operates 159 branches and automated banking centres in Hong Kong; a branch in Macau; and a network of five branches (in Shanghai, Guangzhou, Shenzhen, Fuzhou and Nanjing), a sub-branch (in Shanghai) and two representative offices (in Beijing and Xiamen) in mainland China. The Bank also has a representative office in Taipei.

With consolidated assets of HK$503 billion at the end of 2003, the Bank reported a profit attributable to shareholders of HK$9.54 billion for 2003. For further information on Hang Seng, please visit the Bank's website at www.hangseng.com.

About The Hong Kong Mortgage Corporation Limited

The HKMC is a corporation wholly owned by the Government of the Hong Kong Special Administrative Region of the People's Republic of China through the Exchange Fund. The HKMC was incorporated in March 1997 as a public company with limited liability under the Companies Ordinance (Cap. 32 of the Laws of Hong Kong).

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