

**BEA Launches Premium-Free Mortgage Plan
With 90% Loan-to-value Ratio**

Hong Kong, 2 December 2002 – The Bank of East Asia (“BEA”) today announced the introduction of a Free of Premium (“FOP”) Mortgage Plan for loans made under the Mortgage Insurance Programme (“MIP”) of The Hong Kong Mortgage Corporation Limited (“HKMC”). The new product follows the Hong Kong Monetary Authority’s suggestion to streamline the pricing of mortgage loans insured under the MIP.

Under the new FOP Mortgage Plan, the loan-to-value (“LTV”) ratio can be as high as 90% for homes purchased in both the primary and secondary markets. The applicable mortgage insurance premium will be fully borne by BEA. The mortgage rate offered will be as low as Prime minus 1.25% p.a. during the first 3 years, and Prime minus 2.25% p.a. thereafter. With the FOP Mortgage Plan, BEA broadens the scope of its mortgage products to cater for a wider range of customers with different financial needs.

Details of the FOP Mortgage Plan are as follows:-

1. Loan Amount : **Up to 90% of the assessed property value**
2. Mortgage Rate :

LTV Ratio	Above 70% & up to 80%	Above 80% & up to 85%	Above 85% & up to 90%
First 3 years	Prime -1.25% p.a.	Prime -1% p.a.	Prime - 0.75% p.a.
From the fourth year onward	Prime - 2.25% p.a.		

(Prime Rate is currently 5% p.a.)

3. Loan Tenor : **Up to 30 years**
4. Application Fee : **HK\$1,000 (refundable** after drawdown of the loan)
5. Mortgage Insurance : **1% to 3.35%** (will be **borne by BEA**. See attached table)
Premium*

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- 6. Fire Insurance : **30% discount** per annum
(applicable only if the insurance policy is effected via BEA)
- 7. Credit Card : Full waiver of annual fee of BEA Credit Card throughout the loan period

Note: The amount of the Mortgage Insurance Premium will depend on the LTV ratio and loan tenor, and will be payable to the HKMC.

Further details of the FOP Mortgage Plan are available by calling BEA' s Mortgage Hotline on 2868 5151 (press " 1") or by visiting any BEA branch.

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Mortgage Insurance Programme

Premium Rate Sheet (Single Premium Payment)

LTV Ratio	Above 70% and up to 80%	Above 80% and up to 85%	Above 85% and up to 90%
Loan Tenor	(% of the Original Principal Balance)		
(Yrs)			
10	1.00	1.55	2.15
15	1.15	1.80	2.50
20	1.40	2.15	2.98
25	1.50	2.30	3.35
30	1.65	2.40	N/A