

KEY ANNOUNCEMENTS

(November 2002 to February 2003)

15 November 2002	The HKMA clarifies the purpose of the 70% loan-to-value guideline on residential mortgages is not to prevent homeowners from borrowing more than 70% of the value of their property, but to ensure that banks did not assume more than 70% of the risk of any residential mortgage.
21 November 2002	The results of survey on credit card lending for the third quarter of 2002 are announced. The third quarter saw a decline in the delinquency ratio to 1.32%. The amount charged off in the third quarter was HK\$2.36 billion or 3.95% of average receivables during the quarter. The underlying trend of charge-offs after adjusting for accounting changes appeared to show signs of stabilisation in the third quarter.
25 November 2002	The direct link from the HKMA's Central Moneymarkets Unit (CMU) to Euroclear, the Brussels-based international central securities depository, commences live operation, enabling Asian investors to hold and settle international debt securities through their CMU accounts.
28 November 2002	The results of the first annual self-assessment on authorized institutions' compliance with the Code of Banking Practice are announced: 90% of institutions report full, or almost full, compliance with the Code.
28 November 2002	The monthly survey of residential mortgage lending indicates that new mortgage lending fell in October 2002. New loans drawn down during the month decreased by 16.3% to HK\$7.2 billion. New loans approved also decreased, by 14.6% to HK\$7.7 billion.
3 December 2002	The HKMA announces that Mr Tony Latter will depart from the HKMA on the expiry of his term of office as Deputy Chief Executive on 3 January 2003 and that Mrs Marian Li, seconded from the HKMA as Chief Executive Officer of Exchange Fund Investment Ltd, has given notice of her resignation from the HKMA, to take effect on 31 January 2003.
3 December 2002	The HKMA and Exchange Fund Investment Limited (EFIL) announce that with effect from January 2003, the management of the Exchange Fund's long-term Hong Kong equity portfolio will be transferred from EFIL to the HKMA. The HKMA will continue to manage the Hong Kong equity portfolio through the existing external fund managers originally appointed by EFIL.
13 December 2002	The HKMA announces that it will make available to the market daily a set of official reference prices and yields for benchmark Exchange Fund Bills and Notes commencing 16 December 2002, with the aim of helping the development of the Hong Kong dollar debt market.
13 December 2002	A new Memorandum of Understanding (MOU) between the Securities and Futures Commission and the HKMA is signed in preparation for the new regulatory regime under the Securities and Futures Ordinance and the Banking (Amendment) Ordinance 2002. The new MOU elaborates the legal framework and sets out the two regulators' mutual understanding in respect of the regulation and supervision of registered institutions and their relevant staff.
30 December 2002	The monthly survey of residential mortgage lending indicates that new mortgage lending remained depressed in November 2002. New loans drawn down during the month decreased by 6.4 % to HK\$6.7 billion. New loans approved also decreased, by 22.0% to HK\$6.0 billion.

16 January 2003	The operating results (unaudited figures) of the Exchange Fund for the year 2002 are announced. The Exchange Fund recorded an investment income of HK\$47 billion in 2002, achieving an investment return of 5.1%, which is 120 basis points above the benchmark set for it by the Exchange Fund Advisory Committee.
27 January 2003	The direct link from the HKMA's CMU to the settlement system of Clearstream Banking Luxembourg commences live operation, allowing CMU Members to clear, settle and hold Clearstream-eligible securities through their CMU accounts.
28 January 2003	The monthly survey of residential mortgage lending indicates that new mortgage lending remained subdued in December 2002. New loans drawn down during the month decreased further by 16.9% to HK\$5.6 billion. New loans approved, however, increased by 21.4% to HK\$7.3 billion.
7 February 2003	The results of the latest survey on residential mortgage loans (RMLs) in negative equity show that the number of RMLs in negative equity increased to 76,686 (with a value of HK\$127 billion) at end-December 2002 from 70,112 at end-September, reflecting the further decline in property prices in the three-month period.
17 February 2003	The results of survey on credit card lending for the fourth quarter of 2002 are announced. The delinquency ratio decreased further to 1.28% from 1.32% at the end of third quarter as a result of charge-offs made. The amount charged off in the fourth quarter was HK\$2.24 billion or 3.78% of average receivables during the quarter.
25 February 2003	In its concluding statement, the International Monetary Fund Staff Mission to Hong Kong for the Article IV Consultation expects the Hong Kong economy to grow by 3 per cent in 2003, up from 2 per cent in 2002. The faster growth in 2003 is based on strengthening external demand, supported by robust growth in the Mainland. The Mission strongly supports the Linked Exchange Rate system, which remains robust, but points out that large and persistent fiscal deficits could undermine the long-term sustainability of the public finances and the stability of the Linked Exchange Rate system.
27 February 2003	The monthly survey of residential mortgage lending indicates that new loans drawn down during January 2003 increased by 29.8% to HK\$7.2 billion, reflecting the growth in loans approved in December. However, new loans approved in January decreased by 14.6% to HK\$6.2 billion, the reduction coming almost entirely in primary market transactions.

Four press releases relating to the Exchange Fund's data are issued by the HKMA each month. Three of these releases are issued to disseminate monetary data in accordance with the International Monetary Fund's Special Data Dissemination Standard (SDDS). The fourth press release, on the Exchange Fund's Abridged Balance Sheet and Currency Board Account, is made in accordance with the HKMA's policy of maintaining a high level of transparency. The order of issue of the press releases each month is as follows:

- SDDS International Reserves (Hong Kong's Latest Foreign Currency Reserve Assets Figures)
- SDDS Analytical Accounts of the Central Bank (Exchange Fund Balance Sheet Data)
- Exchange Fund Abridged Balance Sheet and Currency Board Account
- SDDS Template on International Reserves and Foreign Currency Liquidity

The above press releases on the Exchange Fund data may be found on the HKMA's website at www.info.gov.hk/hkma/eng/press/category/exchange_index.htm

Other latest press releases may also be found at www.info.gov.hk/hkma/eng/press/index.htm