



恒生銀行

HANG SENG BANK

Press Release

19 June 2005

HANG SENG'S DEBUT SUBORDINATED NOTES ISSUE UPSIZED TO HK\$2,500 MILLION

Hang Seng Bank's first-ever subordinated notes offering enjoyed strong investor interest and the dual-tranche offering was upsized from HK\$1,500 million to HK\$2,500 million.

The issue represents the largest benchmark Hong Kong dollar issue and the largest Hong Kong dollar subordinated notes offering in 2005 to date. The offering is also the largest-ever outstanding Hong Kong dollar subordinated notes issue.

The subordinated notes offering comprises HK\$1,000 million fixed rate notes and HK\$1,500 million floating rate notes. Both tranches mature in 10 years (2015) with a one-time call option on 24 June 2010. The notes are rated "A1" by Moody's and "A+" by Standard & Poor's.

The issue price for the fixed rate tranche was set at 99.792% with a semi-annual coupon of 4.125% to give a semi-annual yield-to-call of 4.1715% on a semi-annual basis. The issue price for the floating rate tranche was set at 100% with a coupon of three-month HIBOR plus 35 basis points. Both tranches have a maturity date of 23 June 2015.

If the notes are not called, the coupon will step-up to three-month HIBOR plus 82.5 basis points for the fixed rate tranche and to three-month HIBOR plus 85 basis points for the floating rate tranche. HSBC is the sole bookrunner for this offering.

Mr Raymond Or, Vice-Chairman and Chief Executive of Hang Seng Bank, said: "We are pleased with the positive response to our debut Hong Kong dollar subordinated notes offering. This offering will balance, and facilitate more efficient use of, our capital. The net proceeds will be used for general funding purposes and to support business growth."

An application has been made to list the notes on The Stock Exchange of Hong Kong Limited.

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 155 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), three sub-branches (two in Shanghai and one in Shenzhen) and two representative offices (in Beijing and Xiamen) in mainland China. The Bank also has a representative office in Taipei.

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With consolidated assets of HK\$548.6 billion at the end of 2004, the Bank reported a profit attributable to shareholders of HK\$11.40 billion for 2004. For further information on Hang Seng, please visit the Bank's website at www.hangseng.com.

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