Press Release
HKMC Annual Report 2001 Published

The Hong Kong Mortgage Corporation Limited (HKMC) today (9 May) published its Annual Report for 2001.

"I am pleased to report that the Hong Kong Mortgage Corporation has made significant progress in 2001 in advancing its missions to develop the secondary mortgage market and to promote home ownership in Hong Kong. The Corporation has responded swiftly and creatively to the challenging market conditions. By adapting the business strategy, we have exceeded most of our targets. More importantly, we have refined our business model to make it more effective as a platform to build a critical mass for the Corporation's core businesses and to support continuous growth in future years," said Mr. Antony Leung, Chairman of the Board of Directors of the HKMC in the report. "The strategic partnership formed with the Government housing agencies has created a new role for the Corporation in financing mortgage schemes that aim to help the lower income groups. The expanded Mortgage Insurance Programme has also helped more families to accelerate the purchase of their own flats," he added.

The Report highlights the following achievements of the HKMC in 2001:

(a) purchased a total of HK$13.2 billion of mortgage loans – more than double the 2000 figure of HK$6.35 billion;

(b) issued a record amount of HK$15.6 billion of debts;

(c) provided insurance for mortgage loans of HK$8.3 billion – exceeded the 2000 figure by 33%;

(d) maintained superb asset quality with, as of end December 2001, 0.29% and 0.03% of loans overdue for more than 90 days in the retained portfolio and the mortgage insurance portfolio respectively, as compared with the industry average of 1.22%;

(e) obtained credit ratings from Standard & Poor's and Moody's, which are the same as those of the Hong Kong SAR Government;

(f) introduced a set of Model Mortgage Origination Documents that represents best market practice;

(g) introduced a new arrangement of issuing bonds to retail investors through banks as placing agents; and

(h) implemented an e-commerce platform that supports the processing of transactions with banks and mortgage reinsurers over the Internet.

According the Annual Report, the HKMC recorded a 9.6% growth in profit after tax to HK$255.5 million in 2001. The Corporation also produced a return on equity of 9.4% and a return on assets of 1.2%. Its capital-to-assets ratio of 11.6% is well above the minimum requirement of 5%.

In his conclusion to the Chairman's statement, Mr. Leung said, "Looking ahead, the HKMC will continue to work closely with the banks, the capital market participants and the insurance industry to further develop the secondary mortgage market in Hong Kong."

The Hong Kong Mortgage Corporation Limited
9 May 2002