Press Release
HKMC Annual Report 2003 Published

The Hong Kong Mortgage Corporation Limited (HKMC) today (Wednesday) published its Annual Report for 2003.

"The HKMC's performance in 2003 showed excellent financial results and further progress in its mission to develop the secondary mortgage market in Hong Kong, despite the difficult operating conditions that persisted until the latter part of the year. The Corporation also played a major role in supporting the Government's asset disposal programme," said The Hon. Henry Tang, Chairman of the Board of Directors of the HKMC in the report. "The HKMC acts as the pivotal intermediary channelling funds from the capital market to the mortgage and property markets. The Corporation provides additional sources of funding as well as credit enhancement to the market. This strengthens Hong Kong's financial system, enables banks to offer fixed rate mortgages and mortgages beyond the 70% loan-to-value ratio and thus makes home ownership more affordable and accessible to a wider spectrum of the population. The activities in 2003 demonstrate the steady progress the HKMC continues to make in these areas, benefitting the entire community of stakeholders, from homeowners to the banking industry and the insurance industry," he added.

The Report highlights the following achievements of the HKMC in 2003:

(a) purchased a record amount of HK$15 billion of mortgage loans;

(b) issued HK$10.9 billion in debt and HK$3.6 billion in Mortgage-backed Securities, maintaining its position as the biggest issuer in the Hong Kong dollar debt market;

(c) provided insurance for mortgage loans of HK$7.5 billion, 21% higher than in 2002;

(d) maintained an excellent asset quality, with year-end figures of 0.27% for loans overdue more than 90 days in the mortgage portfolio as compared with the industry average of 0.86%; and

(e) maintained its long-term credit ratings at A1/A+ for foreign currency and Aa3/AA- for local currency debt securities from Moody's Investor Services, Inc. and Standard & Poor's, which are the same levels as those of the Hong Kong SAR Government.

The HKMC achieved a significant growth of 41.8% in profit-after-tax to a new record of HK$379.1 million in 2003. Return on shareholder's equity rose sharply from 9.0% to 11.5% and return on assets also improved from 0.9% to 1.0%. Its capital-to-assets ratio of 7.7% is well above the minimum requirement of 5%.

In his conclusion to the Chairman's Statement, Mr Tang said, "Thanks are due to the HKMC's banking and insurance partners and to those other institutions that have supported its activities, including the Consumer Council, relevant industry associations and regulatory bodies. I look forward to a continuation of these close working relationships as we work towards the further development of the secondary mortgage market to the benefit of all concerned."

The Hong Kong Mortgage Corporation Limited
5 May 2004