Press Release

The Hong Kong Mortgage Corporation Limited

Inaugural Issue under the Debt Issuance Programme

The Hong Kong Mortgage Corporation (HKMC) successfully launched the inaugural issue under the HK$20 bn Debt Issuance Programme (DIP) today (15 October, Thursday).

In view of the favourable response from the Primary Dealers and the Selling Group Members, the issue size was increased from HK$500 mn to HK$700 mn. The 3-year notes carry a semi-annual coupon of 8.27%, providing an annualized yield of around 8.44% to investors (about 107 basis points over 3-year Exchange Fund Notes).

"I am delighted with the result of the issue. The tight spread between the yield of our paper and that of the Exchange Fund Notes demonstrates strong market appetite for fixed rate paper issued by the HKMC. In addition to the Note Issuance Programme, the Debt Issuance Programme provides an important vehicle for the Company to raise funds to support its mortgage purchase programmes and helps to broaden the investor base of the HKMC paper," said Mr. Peter S.T. Pang, Chief Executive Officer of the HKMC.

The DIP notes will be cleared through the Central Moneymarkets Unit (CMU). The 5 Primary Dealers will make market for the issue.

The HKMC is proceeding smoothly with its mortgage purchase programme. 21 Approved Sellers have indicated interest to sell a total of HK$15.7 bn of mortgages under the Forward Commitment Facility in the next 12 months. In addition, the HKMC has committed to purchase HK$3.5 bn of fixed rate mortgages from the eight participating banks in the coming six months under the regular programme for fixed rate mortgages.

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