Press Release

HKMC Annual Report 2004 Published

The Hong Kong Mortgage Corporation Limited (HKMC) today (9 May) published its Annual Report for 2004.

"The results for 2004 set a new record for the financial performance of the Corporation and this commendable performance was achieved without sacrificing asset quality," said the Hon. Henry Tang, Chairman of the Board of Directors of the HKMC in the report. "The Corporation has taken advantage of the improving economic environment to further its mission to develop Hong Kong debt and capital markets and enhance its role as a pivotal intermediary for channelling funds from the capital markets through the banks to homebuyers." he added.

The Report highlights the following achievements of the HKMC in 2004:

(a) purchased HK$11.4 billion of mortgage loans;

(b) provided insurance coverage for newly originated mortgage loans totalling HK$14.2 billion, an increase of 89.3% over year 2003;

(c) issued HK$11.4 billion in debt securities and HK$2.4 billion in mortgage-backed securities (MBS), maintaining its position as the most active corporate issuer in the Hong Kong dollar debt market;

(d) maintained excellent asset quality, with a 90-day delinquency ratio of 0.11% for the mortgage insurance portfolio and 0.36% for the retained mortgage portfolio as compared with the banking industry average of 0.38%; 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 record profit after tax of HK$664 million in 2004, an impressive increase of 75.2% over 2003. The return on shareholder's equity rose sharply from 11.5% to 17.1% and the cost-to-income ratio fell from 17.4% in 2003 to 12.2% in 2004. Its capital-to-assets ratio also improved from 7.7% to 9.4%, well above the minimum requirement of 5%. As a result, the shareholder's equity increased to HK$4.2 billion, which represented a doubling of the paid-up capital of HK$2 billion over the past seven years.

The Hong Kong Mortgage Corporation Limited
9 May 2005