Press Release

HKMC Annual Report 2005

The Hong Kong Mortgage Corporation Limited (HKMC) today (2 June) published its Annual Report for 2005.

"Notwithstanding the interest rate environment and property market conditions, the HKMC achieved another year of solid financial results after the record high set in 2004," said the Hon. Henry Tang, Chairman of the Board of Directors of the HKMC. "The HKMC remains very committed to its role to promote the development of the secondary mortgage market in Hong Kong, which will help to enhance the stability of the banking sector through its role as a liquidity provider to the banks, promote wider homeownership, and facilitate the growth and development of the debt market and securitisation market in Hong Kong," he added.

The Report highlights the following achievements of the HKMC in 2005:

(a) Purchase of a total of HK$2.9 billion of mortgage loans;

(b) Providing mortgage insurance coverage for newly originated mortgage loans totaling HK$18.1 billion, an increase of 27% over 2004;

(c) Issuance of HK$5.1 billion in debt securities and HK$1 billion in mortgage-backed securities, maintaining its position for the fifth year as the most active corporate issuer in the Hong Kong dollar debt market;

(d) Maintaining an excellent asset quality with a combined ratio of 0.35% for 90-day overdue and rescheduled loans, compared with the industry average of 0.54%; and

(e) Maintaining long-term credit ratings of A1/AA- for foreign currency and Aa3/AA- for local currency debt securities from Moody's Investor Service, Inc. and Standard & Poor's, the same as those for the Hong Kong SAR Government.

The Corporation achieved a profit after tax of HK$600.6 million, with the return on shareholder's equity remained strong at 13.6% and cost-to-income ratio at 14.6%. Its capital-to-assets ratio further strengthened to 12% in 2005 from 9.3% in 2004, well above the minimum requirement of 5%. For the second year, the Corporation declared a dividend of HK$250 million or HK$0.125 per share, representing a dividend payout ratio of 41.6%.

The Hong Kong Mortgage Corporation Limited
2 June 2006