Press Release

HKMC Annual Report 2006

The Hong Kong Mortgage Corporation Limited (HKMC) today (26 June) published its Annual Report for 2006.

"Year 2007 will be pivotal for the HKMC as it seeks to expand new lines of businesses. The long-term strategy for the Corporation will help to maintain the viability and ability of the Corporation to provide liquidity to the banks when necessary and also position the Corporation as a market leader that can share its expertise and contribute to market development in the region, thereby reinforcing Hong Kong's position as an international financial centre." said the Hon. Henry Tang, Chairman of the Board of Directors of the HKMC.

The Report highlights the following achievements of the HKMC in 2006:

(a) Purchase of a total of HK$6.4 billion of financial assets, including HK$1 billion of residential mortgage loans, HK$4 billion of non-residential mortgage loans and HK$1.4 billion of non-mortgage assets;

(b) Providing mortgage insurance coverage for newly originated mortgage loans totalling HK$9.2 billion, achieving a market penetration of 13.3%;

(c) Issuance of HK$13.3 billion in debt securities and HK$2 billion in mortgage-backed securities, maintaining its position for the sixth year as the most active corporate issuer in the Hong Kong dollar debt market;

(d) Maintaining excellent asset quality, with a combined delinquency (90-day above) and rescheduled loan ratio of 0.03% for the mortgage insurance portfolio, 0.34% for the residential mortgage portfolio (compared to the industry average of 0.46%);

(e) Upgrade of the HKMC's long-term credit ratings making it the first triple-A rated institution in Hong Kong – Aaa/AA for local currency and Aa1/AA for foreign currency debt securities by Moody's Investors Service, Inc. and Standard & Poor's respectively.

The Corporation achieved a record profit after tax of HK$682.7 million in 2006, with the return on shareholder's equity remaining strong at 13.9% and cost-to-income ratio at 13.5%. Its capital-to-assets ratio remained at 11.2%, well above the minimum requirement of 5%. For the third consecutive year, the Corporation declared a dividend of HK$250 million or HK$0.125 per share, representing 36.6% of the profit after tax.

The Hong Kong Mortgage Corporation Limited
26 June 2007