Press Release

HKMC Annual Report 2007

The Hong Kong Mortgage Corporation Limited (HKMC) today (2 June) published its Annual Report for 2007.

"The good performance in 2007 reflects the successful implementation of the Corporation's business diversification plan and the effectiveness of its funding strategy. I am confident the HKMC will again rise to the challenge in 2008, and meet its objectives of reinforcing banking stability and promoting home ownership and debt market development in Hong Kong," said the Hon John C Tsang, Chairman of the Board of Directors of the HKMC.

The Report highlights the following achievements of the HKMC in 2007:

(a) Purchasing a total of HK$9.6 billion of financial assets, including HK$3 billion of residential mortgage loans and HK$1.1 billion of non-mortgage assets in Hong Kong as well as the inaugural overseas purchase of HK$5.5 billion of Korean residential mortgage loans in the form of mortgage-backed securities;

(b) Providing mortgage insurance coverage for newly originated mortgage loans totalling HK$13.2 billion, achieving a market penetration of 12%;

(c) Issuance of HK$16.4 billion in debt securities and maintaining its position as the most active corporate issuer in the Hong Kong dollar debt market for seven consecutive years;

(d) Maintaining excellent asset quality, with a combined delinquency (90-day above) and rescheduled loan ratio of 0.03% for the mortgage insurance portfolio, 0.21% for the Hong Kong residential mortgage portfolio (compared to the industry average of 0.31%), and 0.14% across all asset classes;

(e) Achieving long-term foreign and local currency debt ratings of Aaa/AA by Moody's Investors Service, Inc. and Standard & Poor's respectively – being the first and so far the only triple-A rated institution in Hong Kong.

The Corporation achieved a record profit after tax of HK$740.7 million in 2007, with the return on shareholder's equity remaining strong at 13.7% and cost-to-income ratio at 13.6%. Its capital-to-assets ratio remained at 11.2%, well above the guideline of a minimum 5% stipulated by the Financial Secretary. For the fourth consecutive year, the Corporation declared a dividend of HK$250 million or HK$0.125 per share, representing 33.8% of the profit after tax.

The Hong Kong Mortgage Corporation Limited
2 June 2008