Press Release

HKMC 2008 Annual Report

The Hong Kong Mortgage Corporation Limited (HKMC) today (11 June) published its Annual Report for 2008.

"The Hong Kong Mortgage Corporation performed well in 2008 despite the once-in-a-lifetime financial crisis triggered by the US sub-prime mortgage problems. The Corporation has proven to be highly efficient and resilient, carrying out its important policy role of helping to maintain banking stability by purchasing loan assets from local banks. In doing so, the Corporation helps local financial institutions address their liquidity needs and the credit risk arising from their loan portfolios," 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 2008:

(a) Record purchase of a total of HK$26 billion of assets in a year, including HK$13.6 billion of residential mortgage loans and HK$0.2 billion of non-mortgage assets in Hong Kong as well as the purchase of HK$12.2 billion of Korean residential mortgage loans structured as mortgage-backed securities;

(b) Drawdown of mortgage insurance coverage for newly originated mortgage loans was a record total of HK$20.4 billion, achieving a market penetration of 16%;

(c) Issuance of a record of HK$24.4 billion debt securities in a cost-effective manner, maintaining the HKMC's position as the most active corporate issuer in the Hong Kong dollar debt market for eight consecutive years; and

(d) Safeguarding excellent asset quality, with a combined delinquency ratio (above 90-day ratio and rescheduled loan ratio) of 0.02% for the mortgage insurance portfolio, 0.12% for the Hong Kong residential mortgage portfolio (compared to industry average of 0.19%), and 0.07% across all asset classes as at 31 December 2008.

The Corporation achieved profit after tax of HK$605 million in 2008, with the return on shareholder's equity of 10.5% and cost-to-income ratio of 17.5%. Its capital-to-assets ratio remained strong at 8.7%, well above the guideline of a minimum 5% stipulated by the Financial Secretary. For the fifth consecutive year, the Corporation declared a final dividend of HK$250 million or HK$0.125 per share, representing 41.3% of the profit after tax.

The Hong Kong Mortgage Corporation Limited
11 June 2009