**Press Release**

# HKMC Annual Report 2010

The Hong Kong Mortgage Corporation Limited (HKMC) today (Tuesday) published its *Annual Report for 2010*. The *Report* reviews the business performance, corporate governance and initiatives on corporate social responsibility of the HKMC in 2010.

The *Report* highlights the major achievements of the HKMC in 2010, including:

(a) Purchase of a total of HK$4.7 billion loan assets, all of which were residential mortgage loans in Hong Kong;

(b) Drawdown of mortgage loans under the Mortgage Insurance Programme (MIP) reaching a record high of HK$41 billion in total, helping nearly 16,000 families successfully achieve home ownership during the year. Since 1999, over 85,000 families in Hong Kong have benefited from the MIP by the end of 2010;

(c) Completion of the feasibility study, stakeholder consultation and preparatory work for the launch of the SME Financing Guarantee Scheme on 1 January 2011;

(d) Issuance of HK$8.3 billion of debt securities in a cost-effective manner, maintaining the Corporation's position as the most active corporate issuer in the Hong Kong dollar debt market for ten consecutive years;

(e) Safeguarding excellent asset quality, with a 90-day delinquency ratio as at 31 December 2010 of 0.003% for the mortgage insurance portfolio, 0.05% for the Hong Kong residential mortgage portfolio (versus the industry average of 0.01%) and 0.03% across all asset classes; and

(f) Upgrade of the HKMC's long-term foreign and local currency ratings to AAA and Aa1 by Standard & Poor's and Moody's Investors Service, Inc. respectively.

The Corporation achieved a record profit after tax of HK$1,234 million in 2010, with a return on shareholder's equity of 17.5% and cost-to-income ratio of 11%. The HKMC's capital-to-assets ratio remained strong at 10.8%, well above the minimum guideline of 5% stipulated by the Financial Secretary. Having regard to the financial performance of the HKMC in 2010 and the capital requirement for new business initiatives in 2011, the HKMC declared a final dividend of HK$350 million or HK$0.175 per share, representing 28.4% of the profit after tax.

The *Report* is now available free of charge on the HKMC website (www.hkmc.com.hk).

The Hong Kong Mortgage Corporation Limited
31 May 2011