Press Release

HKMC Annual Report 2011

The Hong Kong Mortgage Corporation Limited (HKMC) today (Thursday) published its *Annual Report for 2011*. The *Report* reviews the business performance, corporate governance and initiatives on corporate social responsibility of the HKMC in 2011.

The *Report* highlights the major achievements of the HKMC in 2011, including:

(a) purchase of a total of HK$9.7 billion loan assets;

(b) drawdown of mortgage loans of HK$26.3 billion in total under the Mortgage Insurance Programme, achieving a usage rate (in terms of the total drawdown amount against total market mortgage drawdown) of 11.5%;

(c) launch of the SME Financing Guarantee Scheme on 1 January 2011 to assist local small and medium-sized enterprises in obtaining sustainable bank financing;

(d) launch of the Reverse Mortgage Programme on 11 July 2011 to provide the elderly with an additional financing option;

(e) submission of the Microfinance Study Group Report to the Financial Secretary in August 2011 on a feasibility study of the introduction of microfinance in Hong Kong;

(f) issued debt securities of HK$28.5 billion in a cost-effective manner, maintaining the HKMC's position as the most active corporate issuer in the Hong Kong dollar debt market for 11 consecutive years;

(g) safeguarding excellent credit quality, with a 90-day delinquency ratio as at 31 December 2011 of zero for the mortgage insurance portfolio, 0.02% for the Hong Kong residential mortgage portfolio, 0.67% for the SME guarantee portfolio and 0.01% across all asset classes; and

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

The HKMC achieved a record profit after tax of HK$1,256 million in 2011, with a return on shareholder's equity of 15.5% and cost-to-income ratio of 11.8%. The HKMC's capital adequacy ratio was 19.7%, well above the minimum requirement of 8% stipulated by the Financial Secretary. Having regard to the financial performance of the HKMC in 2011, the HKMC declared a final dividend of HK$350 million or HK$0.175 per share, representing 27.9% 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
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