Press Release

HKMC's Business Performance Highlights for 2011

The Hong Kong Mortgage Corporation Limited (HKMC) today (Wednesday) announced the highlights of its business performance in 2011 as follows:

- Record profit after tax (unaudited) of HK$1,256 million (2010: HK$1,234 million)

- Return on shareholder's equity (unaudited) of 15.5% (2010: 17.5%)

- Asset purchase of HK$9.7 billion (2010: HK$4.7 billion)

- New loans drawn down under the Mortgage Insurance Programme at HK$26.3 billion (2010: HK$41 billion), of which 97% on properties in the secondary market

- SME Financing Guarantee Scheme launched on 1 January 2011 received 235 applications with a total loan amount of HK$800 million

- Reverse Mortgage Programme launched on 11 July 2011 received 173 applications with borrowers receiving an average monthly payout of HK$13,900

- Issued HK$28.5 billion corporate debts (2010: HK$8.3 billion), including RMB600 million RMB bonds, being the most active corporate debt issuer in the Hong Kong dollar debt market

- Maintained the credit ratings of AAA by Standard & Poor's and Aa1 by Moody's, same as the ratings of the HKSAR Government

Outlook for 2012

In light of the market uncertainties in 2012, the HKMC will remain vigilant and operate its business in Hong Kong to meet its core objectives on the basis of prudent commercial principles. Market volatility, coupled with the rising loan to deposit ratio, could lead to liquidity shortage and some banks would have the appetite to dispose of some assets in return for liquidity. The HKMC will maintain close dialogues with banks to meet their needs.

At the same time, the HKMC will continue to build up its experience in operating the SME Financing Guarantee Scheme and review from time to time against the objective to help SMEs obtain bank financing. The Corporation will actively promote and enhance awareness of the Reverse Mortgage Programme so that the elderly in Hong Kong would have one more financial planning tool to enhance the quality of life.

The Hong Kong Mortgage Corporation Limited

11 January 2012