Press Release

HKMC Annual Report 2013

The Hong Kong Mortgage Corporation Limited (HKMC) today (Friday) published its *Annual Report for 2013*. The *Report* reviews the business performance, corporate governance, and initiatives on corporate social responsibility of the HKMC in 2013.

The *Report* highlights the key performances of the HKMC in 2013, including:

(a) purchase of a total of HK$3.2 billion loan assets;

(b) drawdown of mortgage loans of HK$13.3 billion in total under the Mortgage Insurance Programme (MIP), achieving a usage rate (in terms of the total drawdown amount under the MIP against total market mortgage drawdown) of 8.4%;

(c) implementation of the Use of Enduring Power of Attorney / Court Order under Part II of the Mental Health Ordinance by borrowers under the Reverse Mortgage Programme (RMP); approval of more than 530 applications, with an average property value of around HK$4.5 million since inception up to the end of 2013;

(d) approval of HK$28.1 million loans in total under the Microfinance Scheme (MF Scheme) to business starters and self-employed persons from different backgrounds and professions;

(e) extension of the application period for the 80% guarantee products under the SME Financing Guarantee Scheme (SFGS) for one year to 28 February 2014 and relaxation of the treatment of applications involving related entities, to better meet the financing needs of local small and medium-sized enterprises (SMEs);

(f) issuance of debt securities (with maturity of 1-year and above) of HK$10.2 billion in a cost-effective manner, promoting the local debt market development as one of the most active issuers in Hong Kong;

(g) safeguarding excellent credit quality, with (over 90-day) delinquency ratios of 0.006% for the mortgage insurance portfolio, 9.52% for the SME guarantee portfolio (excluding the 80% guarantee products under the SFGS), 0.06% for the Hong Kong residential mortgage portfolio (industry average of 0.02%), 1.3% for the microfinance loan portfolio and 0.05% across all asset classes as at 31 December 2013; and

(h) maintaining long-term foreign and local currency credit ratings of AAA by Standard & Poor's and Aa1 by Moody's respectively.

Furthermore, the HKMC achieved a profit after tax of HK$983 million in 2013, with a return on shareholders' equity of 10.4% and cost-to-income ratio of 18.1%. The HKMC's capital adequacy ratio was 21%, well above the minimum requirement of 8% stipulated by the Financial Secretary. The HKMC declared a final dividend of HK$1.5 billion, including an ordinary dividend of HK$500 million and a special dividend of HK$1 billion.

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

The Hong Kong Mortgage Corporation Limited

30 May 2014