

HKMC's Financial Results Highlights for 2019

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Mortgage Corporation Limited (HKMC) today (April 27) announced the highlights of its audited consolidated financial results for 2019 as follows:

2019 Financial Results Highlights

- Audited consolidated profit after tax was HK\$317 million (Note 1)(2018: HK\$127 million)
- Return on shareholder's equity was 2.1% (Note 1)(2018: 0.9%)
- Cost-to-income ratio was 58.7% (Note 1)(2018: 86.0%)
- Capital adequacy ratio was 30.2% as at 31 December 2019 (31 December 2018: 26.8%)
- The Board recommended no dividend be declared (2018: Nil)

2019 Business Performance Highlights

Asset Purchase

- Purchased HK\$1,877 million loan assets (2018: HK\$288 million)
- Outstanding principal balance of loan portfolio was HK\$6.9 billion at the end of 2019 (31 December 2018: HK\$6.4 billion)

Debt Issuance

- Issued in total HK\$17.7 billion corporate debts (Note 2)(2018:

HK\$12.4 billion), being the most active corporate debt issuer in Hong Kong. Among them, the HKMC had issued 30-year bonds totalling HK\$1.2 billion to promote the fixed-rate reverse mortgage business and local debt market development

- Outstanding balance of debt securities was HK\$39.7 billion at the end of 2019 (31 December 2018: HK\$37.3 billion)
- Credit ratings of AA+ from S&P Global Ratings and Aa3 from Moody's, same as those of the HKSAR Government

Mortgage Insurance Programme (MIP)

- New mortgage loans drawn down amounted to HK\$33.3 billion (2018: HK\$32.5 billion)
- 73% of loans drawn down (in terms of loan amount) were secured on properties in the secondary market, demonstrating the importance of the MIP to homebuyers in the secondary market

SME Financing Guarantee Scheme

- Approved 2,734 applications (2018: 1,714 applications) under the Special Concessionary Measures (i.e. the 80% Guarantee Product) with a total loan amount of approximately HK\$13.8 billion (2018: HK\$7.3 billion) in 2019, increased by 60% and 89% respectively as compared with 2018. Since the launch of the 80% Guarantee Product in May 2012, 91% of the benefitted borrowers were small and medium-sized enterprises each with less than 50 employees
- Launched the 90% Guarantee Product on 16 December 2019. As at the end of December 2019, approved 19 applications with a total loan amount of approximately HK\$39 million in slightly more than two weeks

Reverse Mortgage Programme (RMP)

- Approved 676 applications (2018: 782 applications) under the RMP, with an average property value of HK\$6.2 million and an average monthly payout of HK\$17,700

HKMC Annuity Plan

- Issued 2,188 policies (2018: 5,422 policies), with total premiums received at around HK\$1.6 billion (2018: HK\$2.8 billion) and an average premium of HK\$745,000

Further details of the HKMC's consolidated financial results and financial review for 2019 are set out at the Annex.

Note 1: For comparison purposes, the adjusted profit after tax, return on shareholder's equity and cost-to-income ratio for 2019 would be HK\$443 million, 4.2% and 41.8% respectively after excluding an accounting loss made by the HKMC Annuity Limited, a wholly-owned subsidiary of the HKMC, for maintaining prudent statutory reserves based on actuarial assumptions provided for the annuity business.

Note 2: For debts with tenor of one year or above