

HKMC's financial results highlights for first half of 2018

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

The Hong Kong Mortgage Corporation Limited (HKMC) today (October 5) announced the highlights of its unaudited consolidated financial results for the first six months of 2018 (1H 2018) as follows:

2018 Half-Year Financial Results Highlights

- Unaudited consolidated profit after tax was HK\$256 million (1H 2017: HK\$578 million);
- Annualised return on shareholders' equity was 4.1% (1H 2017: 12.6% (Note 1));
- Cost-to-income ratio was 41.8% (1H 2017: 19% (Note 1)); and
- Capital adequacy ratio was 26.6% as at June 30, 2018 (December 31, 2017: 21%).

2018 Half-Year Business Performance Highlights

Asset Purchase

- Purchased HK\$5 million loan assets (1H 2017: HK\$19 million); and
- Outstanding principal balance of the loan portfolio was HK\$6.9 billion as at June 30, 2018 (December 31, 2017: HK\$7.8 billion).

Debt Issuance

- Issued in total HK\$10.4 billion corporate debts (Note 2) (1H 2017: HK\$14.3 billion), being a major and active corporate debt issuer in Hong Kong;
- Outstanding balance of debt securities was HK\$35.9 billion as at June 30, 2018 (December 31, 2017: HK\$34.8 billion); and
- Credit ratings of AA+ from S&P Global Ratings and Aa2 from Moody's, same as those of the Hong Kong Special Administrative Region Government.

Mortgage Insurance Programme (MIP)

- New mortgage loans drawn down amounted to HK\$18.9 billion (1H 2017: HK\$15.9 billion); and
- 90% 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 851 applications under the Special Concessionary Measures (i.e. the 80% guarantee product) with a total loan amount of approximately HK\$3.6 billion (91% of the benefitted borrowers since the launch of the 80% guarantee product were small and medium enterprises with less than 50 employees each).

Reverse Mortgage Programme

- Approved 323 applications under the Reverse Mortgage Programme, with an average property value of HK\$5.2 million and an average monthly payout of HK\$14,000.

Further details of the HKMC's unaudited consolidated financial results and financial review for 1H 2018 are set out at the Annex.

Note 1: For better comparison, the adjusted annualised return on shareholders' equity and cost-to-income ratio for the six months ended June 30, 2017 would be 5.4% and 35.5% respectively after excluding the exceptional gains of HK\$210 million on disposal of available-for-sale investments arising from portfolio rebalancing and exchange gain of HK\$129 million mainly from the US dollar exposures in cash and debt investments.

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