

# Financial Highlights

	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000
<b>FOR THE YEAR</b>			
Net interest income	<b>487,726</b>	523,991	536,209
(Loss)/profit for the year	<b>(362,124)<sup>4</sup></b>	317,461 <sup>4</sup>	126,558 <sup>4</sup>
Loan purchases	<b>38,924,070<sup>5</sup></b>	1,876,551	287,705
Debts issuance <sup>1</sup>	<b>29,356,467</b>	17,724,508	12,424,465
Net premiums written			
— General insurance businesses	<b>1,841,392</b>	466,215	565,739
— Annuity business	<b>2,537,928</b>	1,630,827	2,780,240
<b>AT YEAR END</b>			
Loan portfolio, net	<b>43,141,592</b>	6,928,045	6,442,064
Debt securities issued	<b>61,909,148</b>	39,710,963	37,292,877
Risk-in-force			
— Mortgage insurance <sup>2</sup>	<b>47,602,099</b>	23,075,987	19,723,956
— Reverse mortgage insurance <sup>3</sup>	<b>12,335,756</b>	11,239,454	9,644,152
<b>OTHER STATISTICS</b>			
Net interest margin	<b>0.8%</b>	1.0%	1.1%
Capital adequacy ratio	<b>37.3%</b>	30.2%	26.8%
Cost-to-income ratio	<b>640.8<sup>4</sup></b>	58.7% <sup>4</sup>	86.0% <sup>4</sup>
Return on equity	<b>(2.4%)<sup>4</sup></b>	2.1% <sup>4</sup>	0.9% <sup>4</sup>

<sup>1</sup> For debts with tenor of one year or above.

<sup>2</sup> The risk-in-force excludes exposure that has been covered by quota-share reinsurance arrangement.

<sup>3</sup> The risk-in-force includes the outstanding balance and undrawn commitment of a reverse mortgage loan, excluding exposure that has been covered by quota-share reinsurance arrangement. Undrawn commitment refers to the amount of expected future payout to the borrower based on the payment term.

<sup>4</sup> For comparison purposes, after (i) adjusting for amortisation impact of upfront commissions to banks arising from significant surge in the volume of new mortgage insurance underwritten in 2020 to match with premium income being recognised over the loan life; and (ii) excluding an accounting loss for maintaining prudent statutory reserves based on actuarial assumptions for annuity business made by the HKMC Annuity Limited, a wholly-owned subsidiary of the HKMC, the adjusted profit for the year, return on equity and cost-to-income ratio for 2020 would be HK\$376 million, 3.5% and 44.8% respectively (2019: HK\$443 million, 4.2% and 41.8% respectively; and 2018: HK\$515 million, 5.1% and 36.7% respectively, after excluding an accounting loss of HKMC Annuity Limited).

<sup>5</sup> Including the purchase of loans with the Special 100% Loan Guarantee under the SME Financial Guarantee Scheme amounted to HK\$37.6 billion fully guaranteed by the Government.