

# Financial Highlights

	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000
<b>FOR THE YEAR</b>			
Net interest income	<b>454,888</b>	487,726	523,991
Profit/(loss) for the year <sup>1</sup>	<b>831,098</b>	(362,124)	317,461
Loan purchases <sup>2</sup>	<b>46,023,469</b>	38,924,070	1,876,551
Debts issuance <sup>3</sup>	<b>84,165,144</b>	29,356,467	17,724,508
Net premiums written			
— General insurance businesses	<b>2,839,155</b>	1,841,392	466,215
— Annuity business	<b>3,003,443</b>	2,537,928	1,630,827
<b>AT YEAR END</b>			
Loan portfolio, net	<b>79,633,967</b>	43,141,592	6,928,045
Debt securities issued	<b>115,652,967</b>	61,909,148	39,710,963
Risk-in-force			
— Mortgage insurance <sup>4</sup>	<b>80,571,512</b>	47,602,099	23,075,987
— Reverse mortgage insurance <sup>5</sup>	<b>14,037,405</b>	12,335,756	11,239,454
<b>OTHER STATISTICS</b>			
Net interest margin <sup>6</sup>	<b>0.4%</b>	0.8%	1.0%
Capital adequacy ratio	<b>23.4%</b>	37.3%	30.2%
Cost-to-income ratio <sup>1</sup>	<b>35.3%</b>	640.8%	58.7%
Return on equity <sup>1</sup>	<b>5.1%</b>	(2.4%)	2.1%

<sup>1</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 to match with premium income being recognised over the loan life; and (ii) excluding the financial results of annuity business, the adjusted profit for the year, return on equity and cost-to-income ratio for 2021 would be HK\$868 million, 7.3% and 25.2% respectively (2020: HK\$376 million, 3.5% and 44.8% respectively; and 2019 after excluding an accounting loss of HKMC Annuity Limited: HK\$443 million, 4.2% and 41.8% respectively).

<sup>2</sup> Including the purchase of loans with the Special 100% Guarantee under the SME Financial Guarantee Scheme amounted to HK\$42.9 billion fully guaranteed by the Government for 2021 (2020: HK\$37.6 billion and 2019: Nil).

<sup>3</sup> For debts with tenor of one year or above.

<sup>4</sup> The risk-in-force excludes exposure that has been covered by quota-share reinsurance arrangement.

<sup>5</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>6</sup> For comparison purposes, after excluding the impact of the purchase of loans with the Special 100% Guarantee under the SME Financial Guarantee Scheme under which the Group only recovered the funding costs without any net interest margin earned, the adjusted net interest margin would be 0.8% (2020: 1.0% and 2019: not applicable).