

# Financial Highlights

	2023 HK\$'000	2022 (restated) <sup>1</sup> HK\$'000	2021 HK\$'000
<b>FOR THE YEAR</b>			
Net interest income	<b>396,909</b>	355,891	454,888
(Loss)/profit for the year <sup>2</sup>	<b>(259,502)</b>	2,162,750	831,098
Loan purchases <sup>3</sup>	<b>27,561,675</b>	37,710,170	46,023,469
Debts issuance <sup>4</sup>	<b>89,876,034</b>	71,765,425	84,165,144
Net premiums written			
— General insurance businesses	<b>1,663,021</b>	2,211,270	2,839,155
— Annuity business	<b>1,606,402</b>	2,528,733	3,003,443
<b>AT YEAR END</b>			
Loan portfolio, net	<b>109,499,818</b>	102,186,811	79,633,967
Debt securities issued	<b>161,718,497</b>	131,075,272	115,652,967
Risk-in-force			
— Mortgage insurance <sup>5</sup>	<b>108,112,016</b>	99,117,659	80,571,512
— Reverse mortgage insurance <sup>6</sup>	<b>18,594,126</b>	16,276,063	14,037,405
<b>OTHER STATISTICS</b>			
Net interest margin <sup>7</sup>	<b>0.2%</b>	0.2%	0.4%
Capital adequacy ratio	<b>21.6%</b>	27.9%	23.4%
Cost-to-income ratio <sup>2</sup>	<b>(471.0)%</b>	9.7%	35.3%
Return on equity <sup>2</sup>	<b>(1.0)%</b>	10.0%	5.1%

<sup>1</sup> From 1 January 2023, the Group has adopted Hong Kong Financial Reporting Standard 17 "Insurance Contracts" (**HKFRS 17**). As required by the accounting standard, the Group applied the requirements retrospectively with comparative figures previously published under Hong Kong Financial Reporting Standard 4 "Insurance Contracts" restated from 1 January 2022, the transition date.

<sup>2</sup> For comparison purposes, after adjustments to exclude (a) the accounting results of the annuity business; (b) the impact of property price change on the insurance result of the Reverse Mortgage Programme; and (c) the consolidation adjustments after adoption of HKFRS 17 in respect of the Group's loan portfolio with insurance cover provided by the HKMC Insurance Limited, the adjusted profit for the year, return on equity and cost-to-income ratio would be HK\$724 million, 5.3% and 28.1% respectively for 2023, and HK\$445 million, 3.2% and 34.5% respectively for 2022 restated. For 2021, the adjusted profit for the year, return on equity and cost-to-income ratio would be HK\$868 million, 7.3% and 25.2% respectively after adjusting for the amortisation impact of upfront commissions to banks arising from the new mortgage insurance underwritten to match with premium income being recognised over the loan life; and excluding the accounting results of annuity business.

<sup>3</sup> Including the purchase of loans with the Special 100% Guarantee under the SME Financial Guarantee Scheme and the Dedicated 100% Loan Guarantee Scheme amounted to HK\$24.7 billion fully guaranteed by the Government for 2023 (2022: HK\$33.4 billion and 2021: HK\$42.9 billion).

<sup>4</sup> For debts with tenor of one year or above.

<sup>5</sup> The risk-in-force excludes exposure that has been covered by quota-share reinsurance arrangement.

<sup>6</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>7</sup> For comparison purposes, after excluding the impact of the purchase of loans with the Special 100% Guarantee under the SME Financial Guarantee Scheme and the Dedicated 100% Loan Guarantee Scheme (since April 2023) under which the Group only recovered the funding costs without any net interest margin earned, the adjusted net interest margin would be 0.5% (2022: 0.5% and 2021: 0.8%).