

Press Release

The Hong Kong Mortgage Corporation Limited **Interim Results Highlights for 2025**

The Hong Kong Mortgage Corporation Limited (HKMC) today (Friday) announced the highlights of its interim results for 2025.

Business Highlights

The HKMC and its subsidiaries continued to fulfil their core missions and social objectives, contributing to the steady growth of Hong Kong's economy amid an increasingly complex and evolving environment. The missions of the HKMC are to promote: the stability of the banking sector, wider home ownership, the development of the local debt market, and the development of the retirement planning market.

Asset Purchase

- Acquired HK\$2.7 billion of loan assets (1H 2024: HK\$6.7 billion)
- Purchased HK\$46 million of loans (1H 2024: HK\$32 million) from the Dedicated 100% Loan Guarantee Schemes (DLGS)
- Outstanding balance of loan portfolio was HK\$85.6 billion as at 30 June 2025 (31 December 2024: HK\$95.5 billion)

Debt Issuance

- Issued corporate debts of HK\$23.3 billion for 1H 2025 (1H 2024: HK\$57.1 billion), being one of the most active issuers in the domestic market of Hong Kong dollar corporate bonds. Among them, the HKMC had issued 30-year bonds totalling HK\$500 million to promote the fixed-rate reverse mortgage business and local debt market development
- Outstanding balance of debt securities issued was HK\$135.6 billion as at 30 June 2025 (31 December 2024: HK\$148.3 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 MIP loans drawn down amounted to HK\$17.5 billion (1H 2024: HK\$28.3 billion), of which 61% were secured on properties in the secondary market
- Facilitated home purchase for about 239,000 families in total since its launch in 1999, with an aggregate loan drawdown of HK\$887.2 billion

SME Financing Guarantee Scheme

- For the 80% Guarantee Product, more than 28,500 applications were approved with a total loan amount of approximately HK\$122.4 billion since its launch in 2012. For the 90% Guarantee Product, over 16,800 applications were approved with a total loan amount of approximately HK\$29.6 billion since its launch in 2019

- In respect of the Special 100% Loan Guarantee, more than 67,100 applications were approved with a total loan amount of approximately HK\$143.9 billion since its launch in 2020. An equivalent amount of loan assets was purchased by the HKMC. The application period expired at end-March 2024
- Since the inception of each guarantee product, the 80% and 90% Guarantee Products had benefitted over 23,800 local small and medium-sized enterprises (SMEs) and around 391,700 related employees. The Special 100% Loan Guarantee had benefitted more than 40,000 local SMEs and around 400,000 related employees

Dedicated 100% Loan Guarantee Schemes

- Under the DLGS for Travel Sector and the DLGS for Cross-boundary Passenger Transport Trade, 227 applications were approved with a total loan amount of approximately HK\$0.22 billion since the launch of the DLGS in 2023. Their application periods expired in October 2024
- In respect of the DLGS for Battery Electric Taxis, 374 applications were approved with a total loan amount of approximately HK\$121 million since its launch in 2023

Annuity Business

- The annuity business has taken a total of 11,531 policies (1H 2024: 2,295 policies), with total premiums of HK\$5.4 billion (1H 2024: HK\$1.1 billion)
- Since its launch in 2018, it had helped about 30,000 senior citizens to convert their savings into lifelong stable income

Reverse Mortgage Programme

- 488 applications were approved (1H 2024: 546 applications), with an average property value of HK\$4.1 million and an average monthly payout of HK\$9,800
- Since its launch in 2011, 8,412 applications were approved

Financial Highlights

The unaudited consolidated profit after tax of the HKMC for 1H 2025 was HK\$53.3 million (1H 2024: HK\$9 million). The improvement in profitability was largely attributable to the increase in income from the placements with the Exchange Fund, reduced negative impact on fast-growing reverse mortgage business from movement of property price for 1H 2025 as compared to 1H 2024, foreign exchange gain arising from exposures in cash and debt investments amid favourable market conditions, and increase in net interest income. Such gains were partly offset by the increase in accounting loss from insurance results of annuity business, reflecting the increase in new policies written from the spillover effect of the payout enhancement and discount campaign launched in 2024.

Since the HKMC is mandated to promote the development of the retirement planning market in Hong Kong, it is dedicated to advancing the annuity and reverse mortgage businesses which are subject to the increasing sensitivity and volatility of mark-to-market accounting effects. For the better assessment of financial performance, after excluding (i) the accounting results of HKMC Annuity Limited (HKMCA), a wholly-owned subsidiary of the HKMC operating annuity business; (ii) the impact of property price changes on the reverse mortgage business given its long-term nature; and (iii) the consolidation adjustments in respect of loan portfolios with insurance cover provided by HKMC Insurance Limited (HKMCI), another wholly-owned subsidiary of the HKMC operating general insurance business, the adjusted profit after tax, annualised return on equity and cost-to-income ratio for 1H 2025 would be HK\$874 million, 6.2% and 14.2% respectively (1H 2024: HK\$468 million, 6.2% and 22.4% respectively).

As at 30 June 2025, the embedded value of the annuity business was about HK\$21.6 billion on the basis of the Insurance Ordinance (Cap. 41), which comprised HK\$18.5 billion of total equity and HK\$3.1 billion of present value of future profits. This indicates a solid financial position of the HKMCA to develop the annuity business in the long term.

In accordance with the Guidelines on Capital Adequacy Ratio (CAR), the calculation of capital ratio follows the basis of consolidation for financial reporting with the exclusion of regulated subsidiaries which are subject to separate requirements on the maintenance of adequate capital (i.e. the HKMCA and the HKMCI, both being regulated by the Insurance Authority). Excluding the investment cost of such unconsolidated regulated subsidiaries, the HKMC's CAR remained solid at 18.7% as at 30 June 2025 (31 December 2024: 19.9%), well above the minimum requirement of 8% stipulated by the Financial Secretary.

The solvency ratios of the HKMCA and the HKMCI as at 30 June 2025, calculated in accordance with the Insurance (Valuation and Capital) Rules (Cap. 41R) under the Risk-based Capital regime, were about 2.2 times (31 December 2024: 1.7 times) and 3.7 times (31 December 2024: 4 times) respectively, each well above the minimum regulatory requirements stipulated by the Insurance Authority.

Amid uncertain market conditions, the HKMC adopted prudent prefunding strategy and proactively communicated with local and international investment communities for debt issuance to support its sizable loan purchase and fulfil its refinancing needs. With strong financing capability and liquidity position, the HKMC's core operations remain resilient and stand ready to cope with any financial turbulence ahead in performing its strategic policy roles and attaining its social objectives.

The Hong Kong Mortgage Corporation Limited

26 September 2025