Press Release

The Hong Kong Mortgage Corporation Limited
Interim Results Highlights for 2026

The Hong Kong Mortgage Corporation Limited (HKMC) today (Monday) announced the highlights of its interim results for 2026.

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$2.9 billion of loan assets (1H 2025: HK$2.7 billion)

- Purchased HK$115 million of loans (1H 2025: HK$46 million) under the Dedicated 100% Loan Guarantee Schemes (DLGS)

- Outstanding balance of loan portfolio was HK$74.1 billion as at 30 June 2026 (31 December 2025: HK$78.6 billion)

Debt Issuance

- Issued corporate debts totalling HK$24.8 billion (1H 2025: HK$23.3 billion), and continued to be one of the most active issuers in the domestic Hong Kong dollar (HKD) corporate bond market

- Successfully completed the inaugural issuance of digital bonds across three tranches in HKD and Renminbi (CNH) totalling approximately HK$12 billion equivalent, which marked the largest-ever digital bond issuance globally at the time of issuance. With the issuance, the HKMC became the first public sector entity in Hong Kong to issue digital bonds. Notably, the 5-year HKD tranche represented the longest tenor ever for an HKD-denominated digital bond, setting a new benchmark in the HKD bond market

- Outstanding balance of debt securities issued was HK$141.5 billion as of 30 June 2026 (31 December 2025: HK$155.2 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$15.5 billion (1H 2025: HK$17.5 billion), of which 73% were secured on properties in the secondary market

- Facilitated home purchase for about 245,000 families in total since its launch in 1999, with an aggregate loan drawdown of HK$920.5 billion

SME Financing Guarantee Scheme

- For the 80% Guarantee Product, more than 30,400 applications were approved with a total loan amount of approximately HK$129.6 billion since its launch in 2012. For the 90% Guarantee Product, over 20,400 applications were approved with a total loan amount of approximately HK$35.5 billion since its launch in 2019. The application period for the 80% Guarantee Product was extended until end-March 2028, while the one for the 90% Guarantee Product expired at end-March 2026

- 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 around 26,300 local small and medium-sized enterprises (SMEs) and more than 422,000 related employees. The Special 100% Loan Guarantee had benefitted more than 40,000 local SMEs and around 400,400 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, more than 1,000 applications were approved with a total loan amount of approximately HK$0.33 billion since its launch in 2023

Annuity Business

- The annuity business had taken a total of 3,528 policies (1H 2025: 11,531 policies), with total premiums of approximately HK$2.8 billion (1H 2025: HK$5.4 billion)

- Since its launch in 2018, it had helped over 36,000 senior citizens to convert their savings into lifelong stable income

Reverse Mortgage Programme

- 484 applications were approved (1H 2025: 488 applications), with an average property value of HK$4.4 million and an average monthly payout of HK$10,000

- Since its launch in 2011, 9,345 applications were approved

Financial Highlights

The unaudited consolidated profit after tax of the HKMC for 1H 2026 was HK$3.0 billion (1H 2025: HK$53.3 million). The significant increase in profit was primarily driven by (i) a reversal of the accounting loss from the reverse mortgage business amid a property market rebound in 1H 2026; (ii) the narrowed accounting loss in the annuity business mainly due to a decrease in new policies written in 1H 2026 while the spillover effect from the payout enhancement and premium discount campaign of 2024 led to an increase in loss in 2025; and (iii) an increase in investment income from placements with the Exchange Fund in the light of an enlarged investment size and higher rates of return.

In line with its mandate to promote the development of the retirement planning market in Hong Kong, the HKMC is dedicated to advancing its annuity and reverse mortgage businesses, which face increasing sensitivity and volatility of mark-to-market accounting effects. To better reflect its core financial performance, the adjusted profit after tax for 1H 2026 was HK$1,083 million (1H 2025: HK$874 million) after excluding the following items: (i) the accounting results of HKMC Annuity Limited (HKMCA)[1]; (ii) the impact of property price changes on the long-term reverse mortgage business; and (iii) the consolidation adjustments in respect of loan portfolios with insurance cover from HKMC Insurance Limited (HKMCI)[2]. Accordingly, the annualised return on equity was 7.2% (1H 2025: 6.2%) and the cost-to-income ratio was 11.7% (1H 2025: 14.2%).

As at 30 June 2026, the embedded value of the annuity business was approximately HK$30.1 billion on the basis of the Insurance Ordinance, which comprised HK$27.7 billion of total equity and HK$2.4 billion of present value of future profits. This reflects the HKMCA's solid financial position to develop the annuity business in the long term.

[1] A wholly-owned subsidiary of the HKMC that carries on long term insurance business
[2] A wholly-owned subsidiary of the HKMC that carries on general insurance business

In accordance with the Guidelines on Capital Adequacy Ratio (CAR), the capital ratio calculation follows the basis of consolidation for financial reporting with the exclusion of regulated subsidiaries (i.e. the HKMCA and the HKMCI, both being regulated by the Insurance Authority (IA)) which are subject to statutory capital requirements. Excluding the investment cost of such unconsolidated regulated subsidiaries, the HKMC's CAR remained solid at 18.6% as at 30 June 2026 (31 December 2025: 18.1%), 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 2026, calculated in accordance with the Insurance (Valuation and Capital) Rules under the Risk-based Capital regime, were approximately 2.4 times and 4.4 times respectively (31 December 2025: 2.0 times and 3.9 times respectively). Both ratios remained well above the minimum regulatory requirements stipulated by the IA.

Amid uncertain market conditions, the HKMC adopted a prudent prefunding strategy and proactively communicated with local and international investment communities for debt issuance to support its loan purchases and fulfil its refinancing needs. With strong financing capability, solid capital and liquidity positions, 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.

Further details of the HKMC's key financials for 1H 2026 are set out in the Annex.

The Hong Kong Mortgage Corporation Limited

26 October 2026

Annex

Financial Overview
(HK$ million)

At Period / Year End	30 June 2026	31 December 2025
Cash and short-term funds	**51,879**	64,537
Investment securities	**35,545**	30,110
Loan Portfolio	**74,143**	78,614
Placements with the Exchange Fund	**80,516**	72,419
Total assets	**248,661**	252,425
Insurance contract liabilities, net[1]	**37,036**	35,444
Debt securities issued	**141,538**	155,169
Total liabilities	**189,467**	201,210
Total equity	**59,194**	51,215
Capital adequacy ratio	**18.6%**	18.1%
Solvency Ratio		
- General insurance businesses	**4.4 times**	3.9 times
- Annuity businesses	**2.4 times**	2.0 times

For the Period	1H 2026	1H 2025
Profit for the period	**3,018**	53
Adjusted profit for the period[2]	**1,083**	874
Adjusted return on equity[2] (annualised)	**7.2%**	6.2%

[1] Representing gross insurance liabilities of HK$37,996 million (31 December 2025: HK$36,678 million) from insurance and reinsurance contracts issued, net of insurance assets of HK$960 million (31 December 2025: HK$1,234 million) from reinsurance contracts held.

[2] For better assessment and comparison of financial performance, adjusted profit for the period and annualised return on equity are computed after excluding (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 effects of accounting adjustments in respect of the HKMC Group's loan portfolio with insurance cover provided by the HKMCI at consolidation level.