

Chairman's Statement

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Fulfilling core missions to benefit society.

Chan Mo-po, Paul
Chairman



In 2024, The Hong Kong Mortgage Corporation Limited (**HKMC**) and its subsidiaries (collectively, **Group**) 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.

Mortgage-Asset Purchases

The Corporation purchased residential mortgage loans of about HK\$392 million in 2024. While banks showed limited interest in offloading mortgage assets, the Corporation continues to stand prepared to purchase such loans as needed, with the objective of reinforcing banking stability in accordance with its mandate.

Debt-Market Promotion

As a wholly government-owned entity with strong credit ratings, the Corporation remains a major corporate debt issuer in Hong Kong. In 2024, the Corporation issued debt securities in major currencies amounting to HK\$103.5 billion, including the issuance of triple-tranche, benchmark bonds worth HK\$12 billion in February, at the time Hong Kong's largest senior, unsecured public bond transaction. The Corporation's third social bond issuance in October was worth about HK\$23.8 billion, the largest of its kind in the Asia-Pacific. These two landmark transactions demonstrated the dynamism of Hong Kong's debt market and international investor confidence in the Corporation.

Home-Ownership Support

Promoting wider home ownership remains a core mission of the Corporation. Since the introduction of the Mortgage Insurance Programme (**MIP**) in 1999, the Corporation had facilitated home purchases for about 235,000 families by the end of 2024. In line with changes in the local housing and mortgage markets, new loans drawn down under the MIP decreased to HK\$47.9 billion in 2024, from HK\$83.1 billion the previous year.

A new arrangement under the MIP was introduced in August 2024 to allow users, on fulfilment of certain conditions, to rent out their self-occupied properties to meet personal needs arising from changes in personal or family circumstances.

Support for Small Businesses

The Corporation approved loans totalling HK\$288.5 billion under the SME Financing Guarantee Scheme by the end of 2024. These loans benefitted about 22,400 local small and medium-sized enterprises and 374,400 related employees under the 80% and 90% Guarantee Products, as well as some 40,000 companies and 400,000 related employees under the Special 100% Guarantee Product. The application period for the Special 100% Guarantee Product expired at the end of March 2024 with the return to normalcy after the pandemic. This notwithstanding, enterprises in need of

support can continue to apply for loans under the 80% and 90% Guarantee Products, as well as a 12-month principal moratorium as announced in the 2024 Policy Address, to alleviate repayment pressures.

The Government also entrusted the Corporation to administer Dedicated 100% Loan Guarantee Schemes to help the travel sector and the cross-boundary passenger transport trade resume business in the post-pandemic period. From the Schemes' commencement in April 2023 to the end of 2024, the Corporation approved about 230 applications with a total loan amount of HK\$220 million, benefitting about 120 licensed travel agents and some 650 local or cross-boundary vehicles. The Schemes' application period ended in October 2024.

To encourage taxi owners to replace their existing liquefied petroleum gas, petrol or hybrid taxis with battery electric taxis, the Corporation was invited by the Government to administer another Dedicated 100% Loan Guarantee Scheme for battery electric taxis launched in September 2023. At the end of 2024, more than 100 applications had been approved with loans totalling about HK\$36 million, facilitating the replacement of some 110 existing taxis with battery electric taxis.

Retirement-Planning Solutions

Last year, the Corporation introduced an enhanced payout and premium discount campaign for the HKMC Annuity Plan, offering greater income protection for its customers. The response has been overwhelming. By the end of

2024, premiums received had reached HK\$4.4 billion, the highest total since the launch of the annuity business in 2018. With stepped-up marketing, customer engagement and distribution efforts, the Reverse Mortgage Programme and the Policy Reverse Mortgage Programme also saw an increase in applications in 2024.

In support of the silver economy, the Corporation will continue to develop retirement planning and undertake customer education initiatives.

Infrastructure Financing and Securitisation

The Corporation's infrastructure financing and securitisation business operates on prudent commercial principles. In 2024, the Corporation continued to accumulate infrastructure loan assets riding on its strong credit standing and funding capability. In September, it completed its second infrastructure loan-backed securities' issuance worth US\$423.3 million, further advancing Hong Kong's development of infrastructure-financing securitisation.

Financial Performance

The Group reported a net loss of HK\$418 million for the year, compared to a net loss of HK\$260 million in 2023. The deeper loss was primarily attributable to the negative accounting impact of the property price drop on the reverse mortgage business, although partly mitigated by the increase in net interest income, together with the return from Exchange Fund placements.

The Group's adjusted profit for the year was HK\$787 million, compared to HK\$724 million in 2023, after netting the accounting results of the annuity business, the impact of the property price change on the reverse mortgage business and the effect of accounting adjustments of certain loan portfolios with insurance cover provided by the Group. At the end of 2024, the annuity business had an embedded value of about HK\$12.4 billion, comprising HK\$11.2 billion in total equity and HK\$1.2 billion reflecting the present value of future profits. That's a solid financial position for long-term business development.

The Corporation's capital adequacy ratio stood at 19.9% (2023: 21.6%), a solid capital base for business expansion. The respective solvency ratios of the Corporation's two insurance subsidiaries were four times for the general insurance business and 1.7 times for the annuity business. Both are well above relevant minimum regulatory requirements, in accordance with the risk-based capital regime in effect since July 2024.

Outlook for 2025

The headwinds facing the global economy increased with rising geopolitical tension and protectionism, in particular after the US had unilaterally escalated its tariffs on the rest of the world. As a small and open economy, Hong Kong's near-term economic outlook is unavoidably affected to a certain extent. The Government has been providing support through various measures to local enterprises, in particular the small and medium-sized enterprises. At the same time, in response to the changing global market environment and the new demand thus emerged, the Government will expedite its effort in attracting enterprises, capital, and talent. The Corporation will continue to serve the people of Hong Kong and support businesses in need with dedication and resolve.

I am grateful to my fellow Board members for their guidance and advice, as well as the management and staff of the Corporation and its subsidiaries for their unwavering dedication and support.



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