

Chairman's Statement

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Maintaining positive momentum
and moving forward steadily

Chan Mo-po, Paul
Chairman



In 2025, The Hong Kong Mortgage Corporation Limited and its subsidiaries (collectively, **Group**) continued to fulfil their core missions and social objectives in supporting home ownership, promoting debt market development, contributing to banking stability, providing retirement solutions as well as assisting small and medium-sized enterprises (**SMEs**). Altogether, the Corporation continues to contribute to the solid growth of the Hong Kong economy in 2025 amid lingering external uncertainties and evolving challenges.

Mortgage-Asset Purchases

The Corporation purchased residential mortgage loans of about HK\$372.3 million in 2025 and stands ready 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 robust credit ratings, the Corporation maintains its position as a leading corporate debt issuer in Hong Kong. In 2025, following a comprehensive funding strategy, the Corporation raised HK\$70.5 billion across major currencies, including four tranches of multi-currency benchmark bonds totalling

HK\$25.3 billion in November 2025, which was its largest-ever public offering. Notably, the 30-year HKD social bond tranche was the largest 30-year HKD bond ever issued in Hong Kong. It was also the first-ever social bond issuance in the Asia Pacific region with proceeds dedicated to supporting Reverse Mortgage Programme that provided financing options for the elderly, contributing to the development of a retirement planning market and silver economy in Hong Kong. This landmark transaction was a testament to investors' confidence in both the Corporation and the Hong Kong financial markets. Furthermore, the Corporation has stepped up its investor engagement efforts and successfully attracted both Southbound Bond Connect and international institutional investors. These strategic marketing activities have significantly diversified the Corporation's funding base while reinforcing Hong Kong's status as a global fixed income and currency hub, as well as the premier financial centre for offshore Renminbi business.

Home-Ownership Support

Promoting wider home ownership remains a core mission of the Corporation. Since the introduction of the Mortgage Insurance Programme in 1999, the Corporation had facilitated home purchases for about 242,000 families by the end of 2025.

Support for Small Businesses

The Corporation is responsible for implementing and administering the SME Financing Guarantee Scheme for the Government, providing assistance to SMEs which form a vital pillar of our economy. A total of HK\$302.2 billion loans have been approved under the Scheme by the end of 2025, of which some 25,100 local SMEs and 409,700 related employees benefitted under the 80% and 90% Guarantee Products, and another some 40,000 companies and 400,400 related employees benefitted under the Special 100% Guarantee Product. They span a wide range of businesses, from family-run small businesses, long-established brands, start-ups to relatively large-scale enterprises.

To encourage taxi owners to replace their existing liquefied petroleum gas, petrol or hybrid taxis with battery electric taxis, the Corporation assisted the Government in administering a Dedicated 100% Loan Guarantee Scheme for battery electric taxis. At the end of 2025, more than 630 applications had been approved with loans totalling about HK\$209.1 million.

Retirement-Planning Solutions

In support of the Government's initiative to enhance the financial and retirement security for the elderly, the Corporation has stepped up marketing and customer engagement efforts in promoting the "HKMC Retire 3" products, of which the Reverse Mortgage Programme and Policy Reverse Mortgage Programme have gained increasing recognition among the public and applications for these two programmes remained steady during the year.

Building on the success of the HKMC Annuity Plan's Payout Enhancement and Premium Discount Campaign in 2024 which sought to enhance income protection for customers, the Corporation increased its promotional efforts throughout 2025 and achieved another year of record-breaking performance in its life annuity business. Total premium received was more than doubled during the year, reaching approximately HK\$9 billion.

The Corporation will continue to promote retirement planning and further increase public education efforts in support of the Government's goal in developing the silver economy.

Infrastructure Financing and Securitisation

The Corporation's infrastructure financing and securitisation business operates on prudent commercial principles. In 2025, the Corporation continued to accumulate infrastructure debt obligations riding on its strong credit standing and funding capability. In October, it completed its third infrastructure loan-backed securities issuance worth US\$450.5 million, further advancing Hong Kong's status as an infrastructure-financing securitisation hub.

Financial Performance

The Group reported a net loss of HK\$109 million for the year, narrowed from a net loss of HK\$418 million in 2024. The improved results were driven by the increased income from placements with the Exchange Fund, recovery in the property market which had benefitted the reverse mortgage business, increase in net interest income and revaluation gain of US dollar exposures in cash and debt investments, but were partially offset by the higher accounting loss in the annuity business resulting from a surge in new policies written and the negative accounting impact arising from a lower discount rate on insurance liabilities revaluation.

The Group's adjusted profit for the year was HK\$1,497 million (2024: HK\$787 million), 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 2025, the annuity business had an embedded value of about HK\$24.4 billion, comprising HK\$21.5 billion in total equity and HK\$2.9 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 18.1% (2024: 19.9%), providing a solid capital base for business expansion. The respective solvency ratios of the Corporation's two insurance subsidiaries were 3.9 times for the general insurance business and two times for the annuity business. Both are well above relevant minimum regulatory requirements in accordance with the risk-based capital regime.

Outlook for 2026

Looking ahead, the Hong Kong economy is expected to sustain its growth momentum, underpinned by a broadly stable trade outlook and strengthening domestic demand. Ongoing government initiatives to promote economic development and diversification of economic structure will provide additional impetus to future growth. The property market is also expected to benefit from improving economic fundamentals.

The Corporation will continue to serve the people of Hong Kong and support businesses in need with dedication and resolve, while deepening its role in supporting home ownership, enhancing financing support for SMEs, and expanding retirement solutions and green finance initiatives.

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



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