

Business Review

Business Review

Performance Highlights

The major achievements of the Group for the year included:

- helping homebuyers borrow a total of HK\$35.2 billion in mortgage loans through the Mortgage Insurance Programme (**MIP**) in 2025
- approving 8,861 applications since the launch of the Reverse Mortgage Programme (**RMP**) in July 2011, with an average property value of around HK\$5.5 million
- taking a total of over 16,530 policies for the life annuity business in 2025 with total premiums of approximately HK\$9.0 billion
- extending the application period of the 80% Guarantee Product under the SME Financing Guarantee Scheme (**SFGS**) for two years to end-March 2028, and the application period for principal moratorium until 17 November 2026
- approving more than 29,300 and 18,600 applications for loans amounting to HK\$125.7 billion and HK\$32.7 billion since the launch of the 80% and 90% Guarantee Products respectively, benefitting around 25,000 local SMEs and more than 400,000 related employees¹
- approving more than 630 applications amounting to about HK\$209.1 million under the DLGS for battery electric taxis since its launch for replacement of more than 630 existing non-electric taxis with battery electric taxis
- being on track in executing the implementation plan of the Group's Infrastructure Financing and Securitisation (**IFS**) business to accumulate infrastructure debt obligations and develop the IFS brand of the Group
- completing the third issuance of infrastructure loan-backed securities (**ILBS**). The public issuance consists of multiple classes of US dollar-denominated senior secured notes backed by the cash flows from a diversified portfolio of projects and infrastructure debt obligations across multiple geographies and sectors, with a total size of US\$450.5 million. Within the capital structure of the ILBS, there is an US\$117 million sustainability tranche backed by social, green and sustainable assets. The Sustainability Tranche is issued in accordance with the HKMC's Social, Green and Sustainability Financing Framework, which aligns with the Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines released by the International Capital Market Association. It demonstrates the HKMC's commitment to green and sustainable development

¹ The numbers of benefitted enterprises and benefitted employees have been adjusted to avoid double counting of enterprises using both the 80% and 90% Guarantee Products.

- purchasing about HK\$372.3 million of residential mortgage loans
 - issuing HK\$70.5 billion of debt securities (HK\$61.2 billion of which with maturity of one year or above), thus promoting the development of the local debt market and maintaining the Group's position as the most active issuer of the Hong Kong dollar (**HKD**) corporate bond market during the year, while being a major offshore Renminbi (**CNH**) corporate bond issuer in 2025
 - issuing multi-currency benchmark bonds with four tranches totalling HK\$25.3 billion in November 2025, marking it the HKMC's largest-ever public bond offering. The 30-year HKD social bond tranche is the largest-ever 30-year HKD bond issuance in Hong Kong, and also the first social bond issuance in Asia Pacific with proceeds being used to support the HKMC's RMP which provides essential financing for the elderly and promotes a sustainable retirement market and the silver economy in Hong Kong
 - maintaining the Group's long-term foreign and local currency ratings of AA+ by S&P Global Ratings (**S&P**) and Aa3 by Moody's Investors Service, Inc. (**Moody's**) as at end-2025, same as the HKSAR Government
 - safeguarding excellent credit quality, with a non-performing loan ratio of 0.10% across all asset classes and over-90-day delinquency ratios of 0.04% for the mortgage insurance portfolio and 0.36% for the Hong Kong residential mortgage portfolio
- The Group maintained a solid financial position in 2025:
- capital adequacy ratio of 18.1% as at 31 December 2025, which is well above the minimum requirement of 8% stipulated by the Financial Secretary
 - solvency ratios of the Group's two insurance subsidiaries, calculated in accordance with Insurance (Valuation and Capital) Rules (Cap. 41R) under the Risk-Based Capital regime, were about 3.9 times for general insurance business and 2.0 times for annuity business as at 31 December 2025, both well above the minimum statutory requirements stipulated by the Insurance Authority

Market Overview

General Economic Conditions

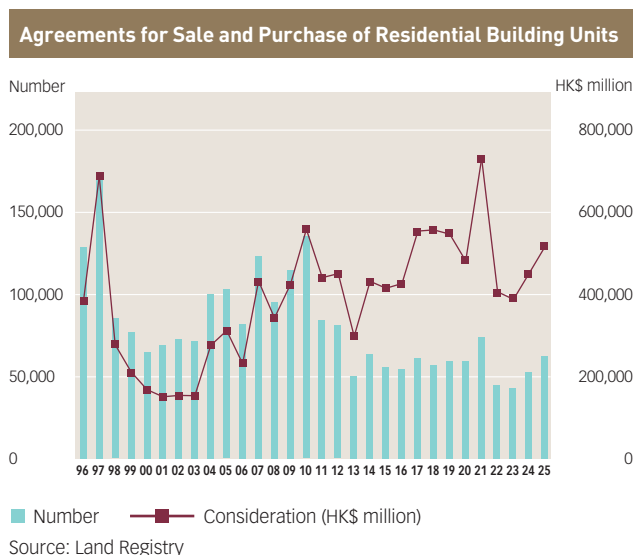
The Hong Kong economy experienced moderate growth in 2025. Notwithstanding volatility in the financial markets as posed by uncertainties in US trade policies and lingering geopolitical tensions, the domestic economy was supported by strong exports performance and improved domestic demand, alongside government support, Chinese Mainland’s economic stimulus measures, lower interest rates, and stabilising asset markets. Against this backdrop, the Hong Kong economy grew modestly during the year at 3.5% year-on-year in real terms.

Property Market

The residential property market showed signs of gradual recovery and stabilisation in 2025, with improving sentiment amid lower interest rates.

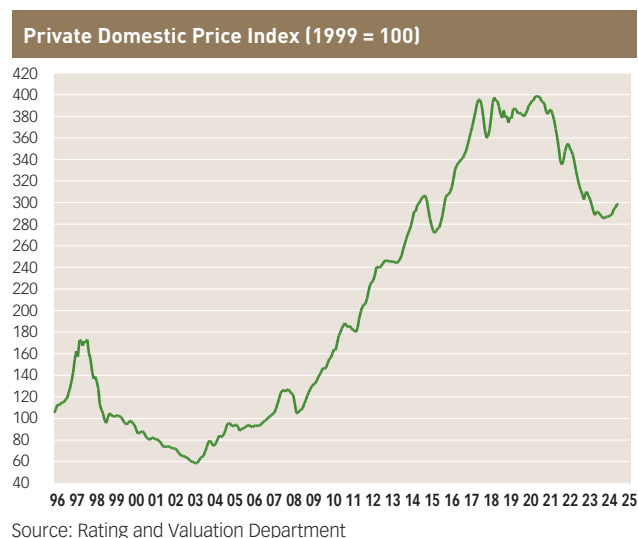
Overall, the number of residential property transactions in 2025 increased by 18.3% year on year to 62,832, while the consideration of transactions recorded a 14.4% year-on-year increase (Figure 1).

Figure 1



In general, residential property prices² recorded a growth of 3.3% in 2025, compared with a 7.1% drop in 2024 (Figure 2).

Figure 2

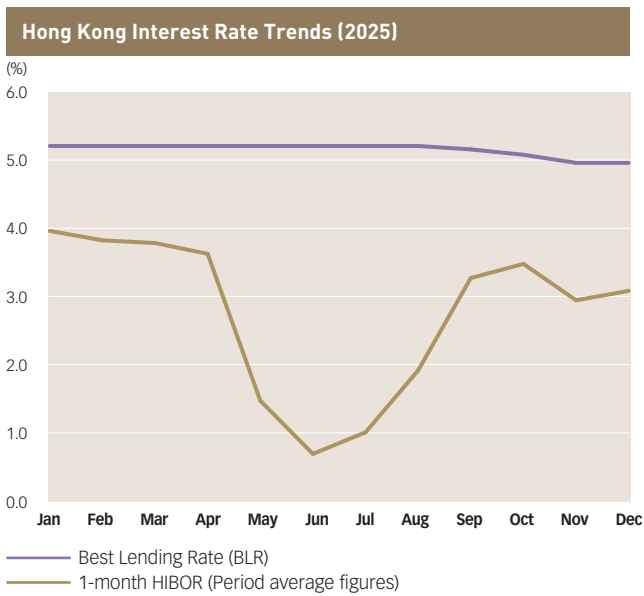


² Source: The Private Domestic Price Index published by the Rating and Valuation Department

Mortgage Market

Notwithstanding gyrations in the interbank rates (Figure 3), mortgage lending grew steadily during the year.

Figure 3

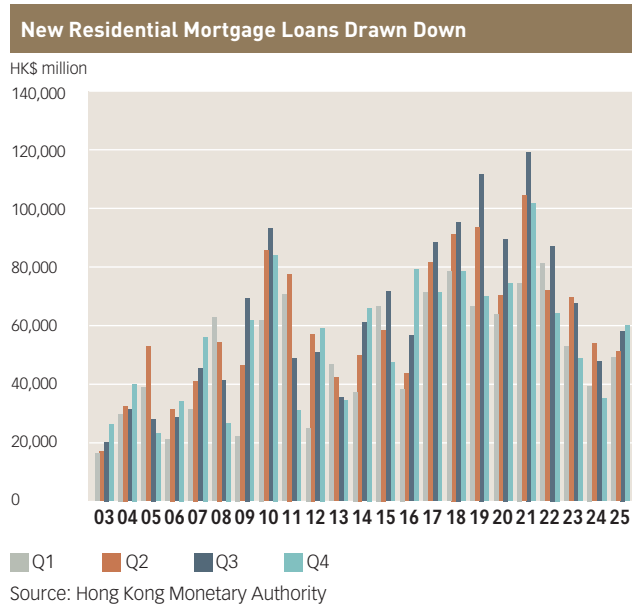


Source: Hong Kong Monetary Authority

The total outstanding value of all residential mortgage loans rose by 3.4% year-on-year to HK\$2,073.8 billion at end-2025. The gross value of new loans drawn down³ increased by 23.9% year on year in 2025, compared with a decrease of 26.2% in 2024 (Figure 4).

³ Source: Hong Kong Monetary Authority

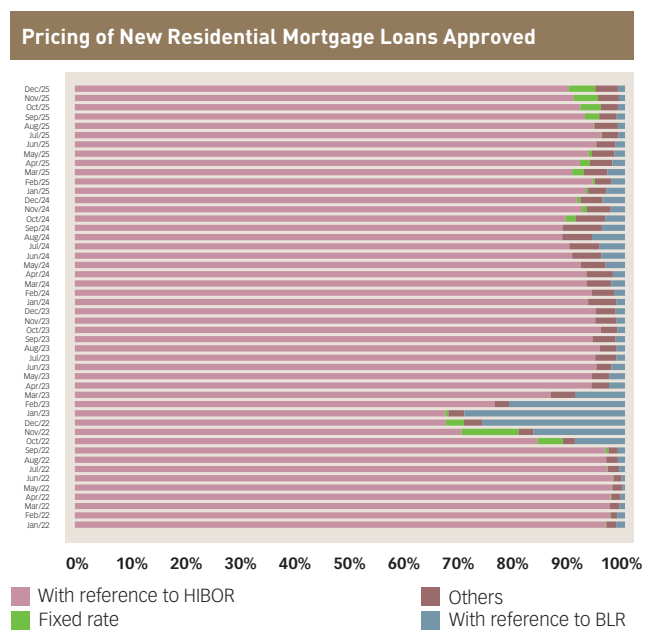
Figure 4



Source: Hong Kong Monetary Authority

HIBOR-based mortgages remained more favoured by borrowers during the year. In December 2025, 89.8% of new mortgage loans were benchmarked against HIBOR, while BLR-based mortgages and fixed-rate plans accounted for 1.3% and 4.8% respectively. (Figure 5).

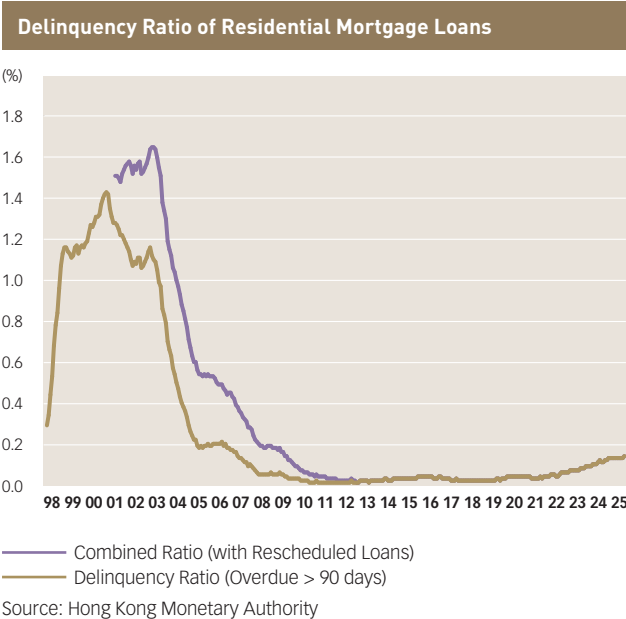
Figure 5



Source: Hong Kong Monetary Authority

Delinquency ratio stayed low while the number of negative equity cases declined. The over-90-day delinquency ratio of all residential mortgage loans was steady at 0.12%–0.14% throughout the year. The combined ratio, which includes both the delinquent and rescheduled loans, also maintained at 0.12%–0.14% during the year (Figure 6). The estimated number of residential mortgage loans in negative equity was 21,304 cases at end-December 2025, with an aggregate value of HK\$105.4 billion recorded⁴, compared to 38,389 cases and HK\$195.1 billion at end-December 2024. These cases were mainly related to bank staff housing loans or residential mortgage loans under mortgage insurance programme, which generally have a higher loan-to-value ratio.

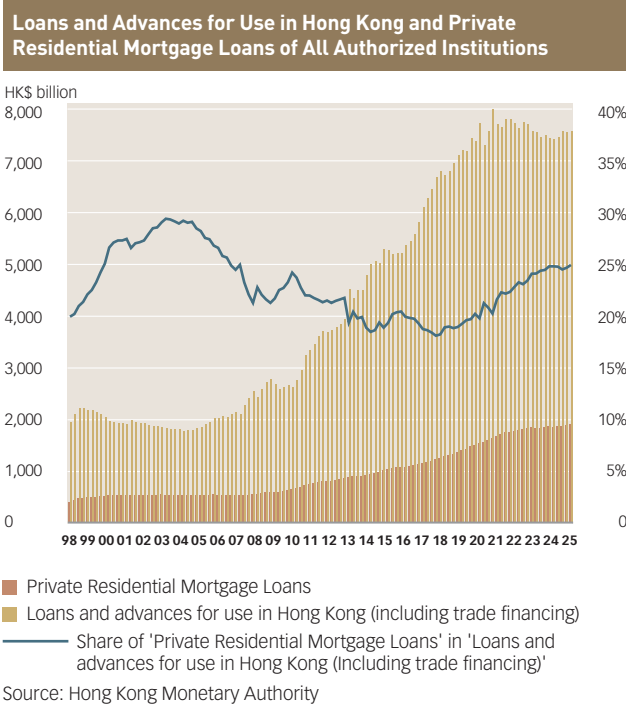
Figure 6



Banking Sector Exposure

The total outstanding value of property-related loans in 2025 amounted to HK\$3,358.1 billion, representing about 44% of banks’ loans and advances for use in Hong Kong (including trade financing). Of these property-related loans, private residential properties accounted for HK\$1,920.5 billion (end-2024: HK\$1,873.5 billion) and subsidised flats accounted for HK\$153.3 billion (end-2024: HK\$132.7 billion) (Figure 7).

Figure 7



⁴ Source: Hong Kong Monetary Authority

Asset Acquisition

On the back of ample liquidity in the market, banks have no urgency to offload mortgage loans or other assets to the Group. The Group is prepared to provide liquidity to the market as and when required. In 2025, the Group acquired mortgage assets of around HK\$372.3 million which were staff mortgage loans from the Hospital Authority.

Funding

The global economic and financial market outlook remained uncertain in 2025, driven by factors such as the lingering impacts of geopolitical tensions and trade barriers, and the evolving pace of US interest rate cuts. Amidst the external uncertainties, the Group maintained a prudent pre-funding strategy for loan purchases and refinancing activities. Given the Group's strong background as a wholly government-owned entity and solid credit ratings, the Group successfully issued debt securities totalling HK\$70.5 billion in 2025, with HK\$61.2 billion having maturity of one year or above. At the end of the year, the Group's total outstanding debts amounted to HK\$155 billion.

As one of the most active bond issuers in Hong Kong, the Group will continue to tap into both local institutional and retail markets while diversifying its funding sources into overseas institutional markets. The strategy not only broadens the Group's funding base but also provides investors with high-quality debt instruments for portfolio diversification and yield enhancement. With its robust debt issuance programmes and strong credit standing, the Group's debt issues remain well received by the investment community.

In 2022, the Group established its Social, Green and Sustainability Financing Framework (**SGS Framework**) to further integrate sustainability into its core business strategy. In 2025, the Group updated the SGS Framework, which included the alignment with the latest market standards and the addition of new eligible social and green asset categories. The updated framework also highlights the Group's latest sustainable initiatives and demonstrates how the Group and its subsidiaries support Hong Kong's long-term sustainability goals.

The Group will use the SGS Framework to structure and issue social, green, sustainability bonds or asset-backed securities. Net proceeds will be allocated toward projects falling within eligible social and/or green asset categories.

Medium Term Note Programme

The Group established the multi-currency Medium Term Note (**MTN**) Programme in June 2007 to broaden its investor base and funding sources in the international market. To meet growing funding demand, the size of the MTN Programme was expanded gradually to US\$30 billion from its initial size of US\$3 billion. The programme enables multi-currency issuances and incorporates flexible product features to increase its appeal to local and overseas investors with different investment horizons and requirements. An extensive dealer group comprising major international and regional financial institutions has been appointed to support MTN issuance and provide secondary market liquidity. In 2025, the Group launched 105 MTN issues with total issuance amount of HK\$70.5 billion under the MTN Programme. There were 84 issues amounting to HK\$61.2 billion with a maturity of one year or longer, while the remaining 21 MTN issues totalling HK\$9.3 billion were of less than one year.

The Group successfully launched its largest-ever public bond offering, totalling HK\$25.3 billion across four multi-currency tranches, which comprised HK\$10 billion 2-year, CNH 5 billion 3-year and US\$1 billion 5-year bonds in conventional bond format; and a 30-year HK\$2 billion bond in social bond format. The issuance was well received by a diverse group of local, Southbound Bond Connect, and international institutional investors, attracting a peak orderbook of approximately HK\$80 billion and final allocation to around 250 accounts. Notably, the 30-year Hong Kong dollar (HKD) social bond represents the largest-ever 30-year HKD bond issued in Hong Kong, and the first social bond in Asia Pacific with proceeds being used to support the HKMC's RMP that provides essential financing for the elderly in Hong Kong. The RMP is one of the "HKMC Retire 3" products offering retirement planning solution for elderly homeowners, allowing them to unlock property value for supplementary cash flow to maintain their quality of life and meet healthcare and other livelihood needs.

The Group's landmark bond transaction was honored as the "Best Social Bond in Hong Kong" at The Asset Triple A Awards for Sustainable Finance 2026. This international recognition underscores the Group's success in promoting sustainable financing and financial inclusion for the elderly. Furthermore, it highlights our ongoing contribution to the development of retirement planning market and silver economy in Hong Kong.

Debt Issuance Programme

The Debt Issuance Programme (**DIP**) was established in July 1998 targeting institutional investors in the Hong Kong dollar debt market. It was set up with an initial programme size of HK\$20 billion, which was subsequently increased to HK\$40 billion in 2003. The DIP provides a flexible and efficient platform for the Group to issue debt and transferable loan certificates with a tenor of up to 15 years. All debt securities issued under the DIP were matured by end-2023.

Retail Bond Issuance Programme

Dedicated to the promotion of the retail bond market in Hong Kong, the Group pioneered a new offering mechanism in November 2001 and established the HK\$20 billion Retail Bond Issuance Programme in May 2004. Since 2001, the Group has issued retail bonds totalling HK\$13.7 billion. When the market conditions are favourable, the Group aims to issue retail bonds regularly to provide an additional investment tool for Hong Kong's retail investors.

Revolving Credit Facility Provided by the Exchange Fund

In January 1998, during the Asian Financial Crisis, the Exchange Fund extended a HK\$10 billion Revolving Credit Facility (**RCF**) to the Group. This RCF has provided the Group with an important liquidity fallback to enable the Group to maintain smooth operation under exceptional circumstances so that it can better fulfil its mission to promote banking and financial stability in Hong Kong. Following the outbreak of the global financial crisis in 2008, the size of the RCF was increased to HK\$30 billion in December that year. In October 2020, the RCF was further increased to HK\$80 billion to provide the Group with additional support to achieve its policy objective. Both actions demonstrated the HKSAR Government's recognition of the importance of, and further support for, the Group. The RCF was used by the Group during times of market stress in 1998 and 2008 to partially fund the acquisition of Hong Kong residential mortgage assets from the local banks. In both cases, the loans drawn under the RCF were fully repaid with funds raised from the Group's cost-effective debt issuance when the markets stabilised. There was no drawdown under the RCF in 2025.

Credit Rating

The Group’s ability to attract investment in its debt securities is underpinned by its strong credit ratings, which are equivalent to those of the HKSAR Government, according to S&P and Moody’s.

Credit Ratings of the HKMC

	S&P		Moody’s	
	Short-term	Long-term	Short-term	Long-term
Local Currency	A-1+	AA+	P-1	Aa3
Foreign Currency	A-1+	AA+	P-1	Aa3
Outlook	Stable		Stable	

(as at 31 December 2025)

The credit rating agencies have issued favourable assessments of the Group’s credit standing. Below are extracts from the credit rating reports published by S&P and Moody’s in July and November 2025, respectively:

S&P

“We equalize our ratings on HKMC with the ratings on the government of Hong Kong, the corporation’s sole ultimate owner. This reflects our view of an almost certain likelihood of timely and sufficient extraordinary support from the Hong Kong government if needed. We do not assign a stand-alone credit profile (SACP) to HKMC because it is not a significant ratings driver. Our view of an almost certain likelihood of extraordinary government support for HKMC is based on our assessment of the corporation’s critical policy role to, and integral link with, the Hong Kong government.”

“HKMC has a well-established market position with a unique role to address local banks’ liquidity and balance sheet management needs. ... A variety of stressful market conditions have tested HKMC’s business model. For example, when global financial markets and the local economy were under stress in late 2008 and early 2009, HKMC enlarged its mortgage acquisitions in response to banks’ requests and enhanced its mortgage insurance program.”

“We believe HKMC benefits from the presence and effective oversight of its experienced and competent board members. The management team is capable, effective, and experienced, in our view. HKMC’s strategic positioning is clear and consistent with its capability and market conditions. The corporation has always operated within its financial and risk management standards, which we consider to be rigorous and clear.”

“We expect HKMC to manage its funding and liquidity with reasonable prudence. The corporation has very strong access to debt capital markets through its senior debt programs. ... We expect HKMC to maintain adequate levels of highly liquid assets to cover its short-term funding needs.”

Moody’s

“HKMC is wholly owned by the Hong Kong government for the account of the Exchange Fund. The company and its subsidiaries carry out policy mandates, including the promotion of financial and banking stability in Hong Kong; wider homeownership; development of the local debt capital markets; and development of the retirement planning market. ... As part of its mandate to promote banking stability, the company acts as an alternative lender of last resort because it purchases residential mortgages from banks in times of stress. ... HKMC has several important policy mandates in Hong Kong. In the past seven years, the company undertook additional policy initiatives to reinforce its links with the government. We expect the government to continue to leverage HKMC to support the provision of financial services and economic development in Hong Kong. We expect HKMC’s policy role to continue.”

“We expect the government to continue to provide capital and liquidity support to HKMC because of the company’s policy roles and importance. ... The government injected HKD5 billion into HKMC to establish the annuity business in 2018, followed by an additional HKD20 billion in aggregate capital injections from 2021 to November 2025, including HKD12.5 billion from January to November 2025. In December 2024, the government also injected HKD12 billion into HKMC’s general insurance subsidiary. ... In addition, the government increased HKMC’s revolving credit facility (RCF) to HKD80 billion in October 2020 from HKD30 billion, enhancing HKMC’s liquidity position.”

"HKMC has very close links with the government, which directly influences and supervises HKMC's operations by appointing its board members and management. Most of the members on the board of directors are from government departments, the Executive Council and the Legislative Council. The financial secretary serves as the chairman and executive director of HKMC, and the Hong Kong Monetary Authority's chief executive serves as deputy chairman and executive director."

"The company has very good access to capital markets because of its strong financial fundamentals and government affiliation. ... As of 30 June 2025, the company had sufficient liquid assets, including the Exchange Fund's RCF, to repay all of its outstanding debt."

"In line with our general view on finance companies, HKMC has low exposure to environmental risks. ... The company's public policy mandates are in line with supporting the well-being of most Hong Kong residents and companies. ... HKMC has not shown any governance shortfall in recent years and its risk management framework is commensurate with the company's risk appetite."

Mortgage-backed Securitisation

The Group strives to promote the development of the mortgage-backed securities (**MBS**) market in Hong Kong. MBS is an effective financial instrument that can channel long-term funding from the debt market to supplement the need for long-term financing generated by mortgage loans. Banks and financial institutions can make use of MBS to manage risks inherent in mortgage loans, such as credit risks, liquidity risks, interest rate risks and asset-liability maturity mismatch risks.

The Group has issued a total of HK\$13.2 billion MBS since 1999. All MBS had been redeemed by 2013.

Infrastructure Financing and Securitisation

The Group launched the Infrastructure Financing Securitisation (**IFS**) business in 2019 to accumulate infrastructure debt obligations and develop the IFS brand of the Group. In the early stage, the Group purchases and accumulates infrastructure debt obligations from the secondary loan market, as well as co-finances infrastructure projects with multilateral development banks and commercial banks in the primary market. The Group continues to participate in a step-by-step manner in the infrastructure financing market on commercially viable and financially sustainable terms, while observing prudent commercial principles and risk management policies. In response to the rapidly changing macro-economic environment, the Group has taken a prudent approach with corresponding adjustment in its asset acquisition strategy and will remain vigilant on their development. Since formal launch of the business in 2019, the Group has accumulated over US\$3.2 billion of infrastructure debt obligations spreading over Asia Pacific, Middle East and Latin America. The Group continues to team up with industry players to facilitate the development of commercially viable infrastructure projects globally, leveraging on the Master Cooperation Agreement with International Finance Corporation, Memoranda of Understanding with China Export & Credit Insurance Corporation and 21 investment and commercial banks.

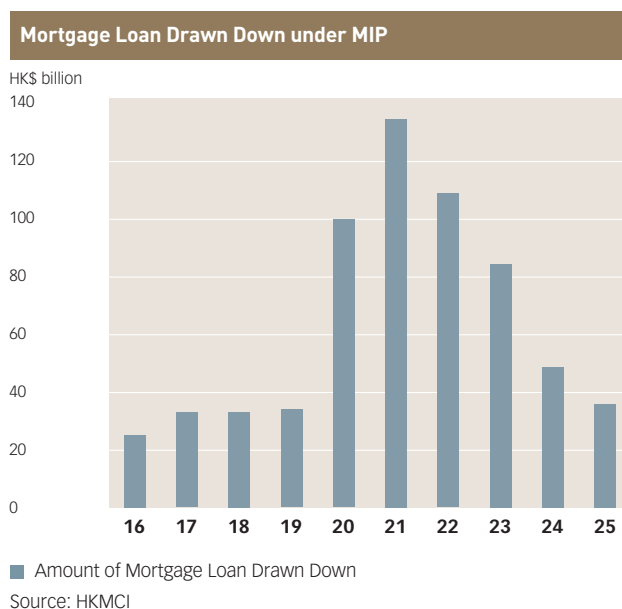
On 17 October 2025, the Group, via Bauhinia ILBS 3 Limited (the special purpose vehicle established for the ILBS issuance), successfully closed a publicly rated securitisation transaction which consists of multiple classes of US dollar-denominated senior secured notes backed by the cash flows from a diversified portfolio of projects and infrastructure debt obligations across multiple geographies and sectors, with an issuance size of US\$450.5 million. The notes (except for the subordinated notes) are listed on The Stock Exchange of Hong Kong and offered to a diversified group of professional investors. The Group has multiple roles in this transaction, including the Sponsor, Retention Holder of the subordinated notes and Collateral Manager.

The ILBS issuances are widely recognised by industry players and professional investors. During the year, Bauhinia ILBS 2 Limited was awarded “Infrastructure Securitisation Deal of the Year” by The Assets and “Securitisation Deal of the Year” by IJGlobal Investor whilst Bauhinia ILBS 3 Limited was awarded “Best Structured Finance Issue” by IFR Asia. The issuances aim at enriching the local debt capital market and promoting the securitisation market in Hong Kong.

Mortgage Insurance Programme

The Mortgage Insurance Programme (**MIP**) helps potential homebuyers who have limited resources for substantial down payment for the purchase of a property. From a banking industry perspective, the MIP allows banks to engage in higher loan-to-value (**LTV**) lending without incurring additional credit risk and jeopardising the stability of the banking system. The MIP creates a win-win situation for both homebuyers and banks. Over the years, the MIP has been established firmly as an integral part of mortgage financing in Hong Kong. In mid-October 2024, the HKMA further eased its countercyclical macroprudential measures, restoring the maximum LTV ratio for all residential properties to 70%. As banks can offer higher LTV mortgages, the demand for MIP coverage declined. The volume of loans drawn down under the MIP decreased to HK\$35.2 billion, from HK\$47.9 billion in 2024 (**Figure 8**). Since 1999, the MIP has helped around 242,000 families achieve home ownership, with an aggregate loan drawdown of HK\$905.0 billion.

Figure 8



Fixed Rate Mortgage Scheme

Following the Financial Secretary’s announcement in the 2020–21 Budget, the Group introduced fixed-rate mortgages for 10, 15 and 20 years under the Fixed Rate Mortgage Scheme in May 2020. It aims to provide an alternative financing option to homebuyers for mitigating their risks arising from interest rate volatility, thereby enhancing banking stability in the long run. The maximum loan amount of each private residential mortgage under the scheme is HK\$10 million. To continue filling the market gap in respect of fixed-rate mortgage products, the scheme was made permanent in November 2021. Starting from February 2022, the Group determines the fixed interest rates from time to time in accordance with factors such as cost of funds and business and market conditions. As at end-December 2025, nine banks had joined the scheme and a total of 155 applications had been received since launch in May 2020.

HKMC Retire 3

To reinforce its position as a unique, trustworthy provider of retirement planning solutions that cater for the needs of people at different life stages, the Group launched in late June 2021 the “HKMC Retire 3” brand, with the Reverse Mortgage Programme (**RMP**), the Policy Reverse Mortgage Programme (**PRMP**) and the HKMC Annuity Plan (**Annuity Plan**) promoted together as a holistic solution for retirement planning. These three products share the characteristics of providing retirees with an immediate, stable and lifelong stream of income after retirement. In support of the Government’s initiatives to enhance silver financial and security arrangements for the seniors, which was one of the five areas of the Government’s measures to boost the silver economy announced in May 2025, the Corporation has stepped up financial planning education for the elderly and the general public by strengthening promotion of the “HKMC Retire 3” products and collaborating with different parties.

Throughout the year, the Group continued to develop and promote these products through marketing them under the “HKMC Retire 3” brand, proactive customer engagement, and expanding the distribution channels. The marketing campaign is credited with raising public awareness on the benefits of “HKMC Retire 3” in 2025. A promotional video series used in the campaign has accumulated over 19 million viewings and more than 30,000 responses on online platforms since the campaign was launched in January 2024. Public transport (e.g. bus and MTR), television and radio advertising have also been used to connect with the public. The HKMC YouTube Channel, with over 16,000 subscribers, continues to be an effective platform for financial education and promotion.

The Group organised three large-scale public events in 2025 at the Hong Kong Convention and Exhibition Centre to promote retirement financial planning and the “HKMC Retire 3” products. These events engaged members of the public of all ages and all walks of life and received an overwhelming and enthusiastic response in registration numbers. The events not only provided an opportunity for participants to learn more about the product features and benefits, and enabled the interested ones to join

consultation sessions to explore how the products could suit their personal financial needs and enrich their retirement life. As a retirement planning partner, the Group introduced the “Three Instruments of Peace” concept (i.e. Will, Enduring Power of Attorney and Advance Medical Directive) during these events for people who are planning for retirement to consider. Under this approach, participants were encouraged to plan for all eventualities, according to their wishes, so that they and their family members were protected against unexpected health or other issues, such as mental incapacity or passing. To reach a wider audience, a mobile information centre, in the form of a roving truck, was deployed to tour across Hong Kong and station in various residential neighbourhoods to familiarise the public with the “HKMC Retire 3” products through interactive games, informative displays and product enquiries. The Group also organised a series of talks in collaboration with different sectors such as banks, insurance companies, large corporations and non-governmental organisations (**NGO**) to promote retirement planning. “HKMC Retire 3” has to date successfully helped over 40,000 customers to enhance the quality of their retirement lives.

The Group values the overall quality of retirement life of its customers. Hence, the loyalty programme “AMIGOS By HKMC” (**AMIGOS**) was launched in 2019 to introduce new concepts and provide useful information on achieving a fruitful and worry-free life with financial stability. Response to the loyalty programme has been encouraging. As at end-December 2025, the AMIGOS had recruited over 14,000 members. During the year, AMIGOS organised a series of engagement activities, including workshops, guided tours, events and seminars on financial literacy with extended topics, such as “Three Instruments of Peace”, digital financial platforms, etc., and also conducted public education on environmental friendliness, which received overwhelming responses. These activities not only encouraged members to live a fulfilling retirement life, but also provided ample opportunities for direct interactions with members who could potentially refer more new customers to the Group. AMIGOS also recruited information subscribers who were not yet eligible for AMIGOS membership but were interested in receiving relevant information. Some of the information subscribers subsequently joined the PRMP, the RMP and/or the Annuity Plan and became members of the AMIGOS.

As a staunch supporter of improving financial literacy in Hong Kong, the Group was awarded the “Investor and Financial Education Award (Public/Professional Body and NGO) Merit Award 2025” by the Investor and Financial Education Council. In addition, the Group was presented with the “Gold Pioneer for Contribution to Livable City Living Award — Promote Silver-friendly Product” by the Hong Kong Quality Assurance Agency in recognition of its contributions in supporting the elderly population, enhancing their quality of life and contributing to a more inclusive and livable urban environment for the elderly. The Group is committed to maintaining a sustained focus on helping citizens establish proper retirement financial planning concepts through continuous education and promotion.

Reverse Mortgage Programme

With the Group’s ongoing efforts in educating the public on retirement solutions, receptiveness to the RMP has continued to grow. More and more people welcome the idea of using the RMP as an instrument to generate a stable stream of monthly income after retirement. The Group has been offering fixed-rate mortgage plans under the RMP since September 2018. The Group constantly monitors longevity risk, property price risk and interest rate risk and make adjustments to the programme as appropriate to mitigate the associated risks. In particular, adjustments were implemented in March 2025 including a reduction of payouts, increasing the interest rate of the floating-rate mortgage plan and extending the fixed-rate period of the fixed-rate mortgage plan from 25 years to 30 years. During the year, 739 applications were received under the fixed-rate mortgage plan, accounting for 78% of the 942 RMP applications received in 2025.

Policy Reverse Mortgage Programme

To provide an alternative retirement planning option, the Group launched the PRMP in May 2019 by replicating the business model of the RMP. As at the end of December 2025, around 210 PRMP applications had been received since the programme’s launch, among which around 50 were drawn down during the year. The Group has established a mechanism with insurance companies and insurance broker companies for the referral of potential customers, which contributed to the majority of PRMP applications received in 2025. Joint promotions were staged with the insurance companies and insurance broker companies to promote the PRMP and the RMP as a holistic solution for retirement planning. The Group has also established collaboration with large corporations in Hong Kong to provide retirement planning information and PRMP and RMP promotional offers to their existing and retired staff.

Life Annuity Business

The Group achieved record-breaking business results for the life annuity business in 2025. The year commenced with strong momentum, driven by the enduring effect of the HKMC Annuity Plan’s Payout Enhancement and Premium Discount Campaign launched in 2024, which offered a 25% increase in monthly annuity payouts for life for the first HK\$300,000 premium of new applications per customer, alongside a 2% discount on the remaining premium amount. Momentum was sustained throughout the year alongside stepped-up promotional activities. By the end of 2025, the life annuity business recorded strong year-on-year growth in total premiums of approximately 106%, reinforcing its role in providing stable, lifelong income to an increasing number of senior citizens in Hong Kong.

To support the Government's initiative to promote the silver economy, the Group intensified public education efforts. In the second half of 2025, the Group launched a six-month panda-themed public education and outreach campaign. The campaign featured a citywide roving exhibition that used the joyful, worry-free lifestyle of pandas as a metaphor to showcase retirement financial planning concepts and encouraged retirees to achieve a stable and prosperous "Panda Mode" retirement through the creation of a lifelong income stream. The panda-themed campaign was complemented by the extension of the "Mr. Well-Planned" advertising series, which drew on relatable everyday scenarios to showcase the features of the Annuity Plan, address common questions and dispel misconceptions. Together, these initiatives reinforced the Group's role as a trusted advocate for the financial well-being of the silver-aged population.

Throughout 2025, the Group conducted extensive community engagement programmes. A total of 112 outreach events were organised, reaching over 8,500 individuals through educational seminars, roadshows, and strategic collaborations. Furthermore, the Group engaged 32 organisations as partners and collaborated with organisations to deliver tailor-made talks to employees to promote the concept of longevity risk management and introduce the importance of life annuity products in retirement financial planning.

In response to the rising trend of cross-boundary retirement within the Guangdong-Hong Kong-Macao Greater Bay Area (**GBA**), the Group commenced exploring initiatives to support customers planning to reside in, or receive elderly care within the GBA. During the year, the Group conducted site visits to elderly care and medical facilities across the GBA. These visits deepened the Group's understanding of regional retirement infrastructure and helped identify potential collaboration opportunities, laying the groundwork for future support initiatives. In parallel, the Group collaborated with industry partners to organise joint seminars to update senior citizens on the latest trends and developments in retirement in the GBA.

SME Financing Guarantee Scheme

The 80% and 90% Guarantee Products under the SME Financing Guarantee Scheme (**SFGS**) are backed by the Government's guarantee commitment. The 80% Guarantee Product was launched in May 2012 to help SMEs obtain loans for general working capital or purchase of equipment or other assets to support business operations. The 90% Guarantee Product was launched in December 2019 to provide additional support to smaller-sized enterprises and businesses with relatively less operating experience to obtain financing. The guarantee fees are set aside to pay default claims from participating lenders and out-of-pocket expenses to be incurred under the arrangement, with any shortfall to be borne by the Government.

Introduced in April 2020 during the COVID-19 epidemic, the 100% Guarantee Product aimed to alleviate the burden of paying wages and rents by SMEs which suffered from reduced income, thereby helping to minimise enterprise shutdowns and layoffs. The loans are fully guaranteed by the Government and sold to the HKMC after loan drawdown by participating lenders. The application period for the 100% Guarantee Product expired in end-March 2024.

In the 2025 Policy Address, the Chief Executive announced a series of measures to strengthen support for SMEs amid economic restructuring, including the extension of the application period for the 80% Guarantee Product for two years to the end of March 2028, and a further extension of the principal moratorium arrangement for 12 months. The application period for principal moratorium has been extended correspondingly until 17 November 2026.

A total of 35 Authorized Institutions participate as lenders under the SFGS. As at 31 December 2025, the Group had approved more than 29,300, 18,600 and 67,100 applications for loans amounting to HK\$125.7 billion, HK\$32.7 billion and HK\$143.9 billion since the launch of the 80%, 90% and 100% Guarantee Products respectively, benefitting around 25,000 local SMEs and more than 400,000 related employees⁵ under the 80% and 90% Guarantee Products, and around 40,000 local SMEs and around 400,000 related employees under the 100% Guarantee Product. Over 53,500 approved loans have opted for the principal moratorium, including around 11,900 since the extension of principal moratorium arrangement as announced in the Chief Executive's 2024 and 2025 Policy Address, by borrowers under all Guarantee Products.

Dedicated 100% Loan Guarantee Schemes

Following the Financial Secretary's announcement in the 2023–24 Budget, the Group launched the Dedicated 100% Loan Guarantee Schemes (**DLGS**) to support the business resumption of the cross-boundary passenger transport and travel industries, and to encourage taxi owners to replace their existing liquefied petroleum gas, petrol or hybrid taxis with battery electric taxis (**e-Taxis**).

The DLGS for Travel Sector aimed to assist licensed travel agents and local tour coach registered owners in resolving short-term funding difficulties, hiring staff as soon as practicable and accelerating operational capability enhancement, to complement the pace of resumption of inbound and outbound tourism activities.

The objective of the DLGS for Cross-boundary Passenger Transport Trade was to allow eligible registered vehicle owners or ferry operators/owners of cross-boundary passenger transport to apply for loans for the purpose of vehicle or ferry repair and maintenance, buying insurance, etc. with a view to resuming services as soon as possible.

The DLGS for e-Taxis, which aims to promote the use of e-Taxis as one of the Government's measures to develop green transport and help achieve the carbon neutrality target of Hong Kong, provides low interest rate loans fully guaranteed by the Government for eligible taxi owners to purchase e-Taxis to replace their liquefied petroleum gas, petrol or hybrid taxis.

The DLGS for the cross-boundary passenger transport and travel industries were launched on 29 April 2023. The Group has approved 227 applications for a total loan amount of HK\$0.22 billion, benefitting about 120 licensed travel agents and helping some 650 vehicles resume service. The application period expired on 28 October 2024.

The DLGS for e-Taxis was launched separately on 4 September 2023 for a five-year application period. As at the end of December 2025, more than 630 applications for a total loan amount of HK\$209.1 million had been approved for replacement of more than 630 existing non-electric taxis with battery electric taxis.

The 100% Personal Loan Guarantee Scheme

Following the Financial Secretary's announcement in the 2021–22 Budget, the Group launched the 100% Personal Loan Guarantee Scheme (**PLGS**) in April 2021 to provide a supplementary financing option to individuals suffering from cessation of main recurrent incomes from employment in Hong Kong amid the COVID-19 epidemic. The PLGS is backed by the Government's financial commitment of HK\$15 billion. The Group is designated as the loan purchaser and the administrator of the PLGS.

Given the local economic recovery and decreased unemployment rate, the application period of the PLGS expired at the end of April 2023. The Group has approved around 67,000 applications for a total loan amount of HK\$4.7 billion, benefitting more than 59,000 borrowers.

⁵ The numbers of benefitted enterprises and benefitted employees have been adjusted to avoid double counting of enterprises using both the 80% and 90% Guarantee Products.