香港按揭證券有限公司
The Hong Kong Mortgage Corporation Limited

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Social Bonds Allocation Update and Impact Report for November 2025 Social Bond



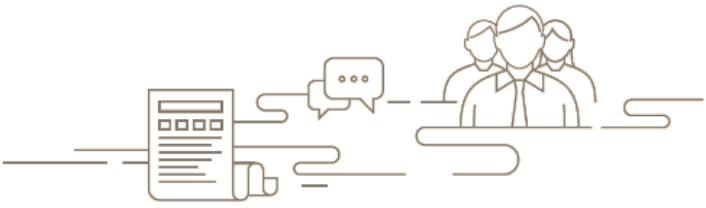
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Introduction

The **Hong Kong Mortgage Corporation Limited** ("HKMC" or the "Group"), incorporated since March 1997, is wholly owned by the Government of the Hong Kong Special Administrative Region of the People's Republic of China (the "HKSAR Government") through the Exchange Fund. The Group has three wholly-owned principal operating subsidiaries: HKMC Insurance Limited, HKMC Annuity Limited and HKMC Mortgage Management Limited.

The Group is committed to its core missions of promoting stability of the banking sector, wider home ownership, development of the local debt market and development of retirement planning market in Hong Kong, through the following main business activities:

- Promote stability of the banking sector: purchases residential mortgage assets.
- Support home ownership in Hong Kong: operates the Mortgage Insurance Programme.
- Support small and medium-sized enterprises ("SMEs") in Hong Kong: operates a platform for the HKSAR Government to provide financial guarantee cover to banks in respect of loans advanced to local non-listed enterprises, including SMEs.
- Promote development of the retirement planning market: offers retirement products, namely the Reverse Mortgage Programme ("RMP"), the Policy Reverse Mortgage Programme and the HKMC Annuity Plan, to provide retirees with immediate, stable and lifelong streams of income.
- Consolidate Hong Kong as infrastructure financing hub and fill the infrastructure financing market gaps: acquires infrastructure debt obligations including purchasing and co-financing infrastructure loans, and at right market conditions, securitises these loan assets to further its mandates of promoting the development of the local debt market and stability of the banking sector and facilitating infrastructure investment and financing flows, benefiting financial and professional services sectors in Hong Kong.
- Promote development of Hong Kong debt market: continues to play its key role and maintain an active presence in the local debt market development.



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HKMC Environmental, Social and Governance ("ESG") Strategy

Since its establishment, the Group has been endeavouring to pursue social objectives and deliver on its core missions via the implementation of various business programmes. In recent years, the Group has increased its efforts in ESG integration and implementation in its operations, and a snapshot of the key recent ESG developments and achievements of the Group is provided below.

2021

- Established the **ESG Committee** to oversee ESG matters
- Adopted the **ESG Statement and ESG Guiding Principles**
- Formulated the **Responsible Investment, Lending and Business Decision-making Principles**

2022

- Formed the **Sustainability Working Group**
- Established the **Social, Green, and Sustainability Financing Framework** for sustainable financing
- Issued **inaugural social bonds**
- Conducted **first ESG materiality assessment**

2023

- Issued **second social bonds**
- Completed **inaugural Infrastructure Loan-Backed Securities ("ILBS")** issuance with a **sustainability tranche**
- Published **first Social Bonds Allocation Update and Impact Report**
- Enhanced **office recycling and waste reduction practices**

2024

- Updated **ESG materiality assessment** through **double materiality** analysis
- Conducted **first climate scenario analysis and stress testing** exercise
- Established **decarbonisation action plan** to support **carbon neutrality goal by 2050**
- Issued **third social bonds** and **second ILBS** with an increased sustainability tranche

2025

- **Updated the Social, Green and Sustainability Financing Framework** and included new eligible social and green asset categories
- Continued to issue sustainable financing instruments, including **fourth social bond**
- Issued **third ILBS** with a **further increased sustainability tranche**
- Refined **ESG strategy integration** and enhanced **ESG data collection and governance**
- Achieved **yearly emissions intensity reduction** to progress towards carbon neutrality goal

The Group's Core Missions

- Stability of Banking Sector
- Wider Home Ownership
- Development of Local Debt Market
- Development of Retirement Planning Market

ESG Pillars of the Group

- **Contributing to the Society**
- **Upholding Governance Standards, Operational Resilience and Workplace Inclusion**
- **Meeting Environmental Concerns**

ESG Material Topics of the Group

- Financial Solutions to Support Homebuyers, Retirees, SMEs and Other Relevant Parties
- Promotion of Banking Sector Stability and Development of Financial and Debt Markets
- Customer Engagement and Education
- Community Investment
- Corporate Governance
- Business Ethics and Compliance
- Privacy and Information Security
- Employment and Labour Practices
- Product Responsibility
- Technology Adoption
- Climate Change
- Sustainable and Responsible Investment, Lending and Business Decision-making
- Green Operations

Related United Nations' Sustainable Development Goals

Notable Awards and Accolades for the Social Bonds

The Hong Kong Quality Assurance Agency's Hong Kong Green and Sustainable Finance Awards 2026

- Outstanding Award for Green and Sustainable Bond Issuer (Public Sector) - Largest Single Social Bond (awarded for the HKD 2 billion 30-year Social Bond issued in November 2025)



The Asset Triple A Sustainable Finance Awards for 2026

- Best Social Bond in Hong Kong (awarded for the HKD 2 billion 30-year Social Bond issued in November 2025)



The Asset Triple A Sustainable Finance Awards for 2025

- Best Social Bond in Hong Kong (awarded for the Social Bonds in four tranches totalling approximately HKD 23.8 billion equivalent issued in October 2024)



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HKMC Social, Green and Sustainability Financing Framework

HKMC first published its Social, Green and Sustainability Financing Framework (the "Framework") in September 2022 (the "2022 Framework[(1)]") and updated it in August 2025 (the "2025 Framework"). The 2025 Framework reflects the HKMC's latest sustainable initiatives and is aligned with Hong Kong's long-term sustainability visions. HKMC uses this Framework as the basis to structure and issue green, social and/or sustainability bond(s) and asset-backed securities via public issuance and private placement (referred to as "Sustainable Financing Instruments"), to support the growth of assets or projects with environmental and/or social benefits.

The Sustainable Financing Instruments issued under the 2025 Framework will be structured in alignment with the Social Bond Principles (2025), Green Bond Principles (2025) and Sustainability Bond Guidelines (2021) released by the International Capital Market Association.

HKMC received a second-party opinion on the 2025 Framework from Sustainable Fitch which affirms that the 2025 Framework is aligned with the above sustainable finance principles and guidelines.

HKMC's intended Eligible Green and Social Asset Categories include:

Eligible Social Asset Categories:

- Employment Generation and Social Alleviation
- Access to Essential Financing & Financial Services for the Elderly
- Access to Essential Services
- Affordable Housing
- Access to Affordable Basic Infrastructure and Services

Eligible Green Asset Categories:

- Renewable Energy
- Green Buildings
- Clean Transportation
- Energy Efficiency
- Pollution Prevention and Control
- Climate Change Adaptation
- Sustainable Water and Wastewater Management
- Green Construction Materials
- Environmentally Sustainable Management of Living Natural Resources and Land Use

For more information, please refer to the 2025 Framework, available at https://www.hkmc.com.hk/eng/investor_relations/sustainable_finance.html.

(1) The Sustainable Financing Instruments issued under the 2022 Framework were structured in alignment with the Social Bond Principles (2021), Green Bond Principles (2021) and Sustainability Bond Guidelines (2021) released by the International Capital Market Association.

HKMC Reverse Mortgage Programme

The Reverse Mortgage Programme (RMP) is operated by HKMC Insurance Limited (HKMCI), a wholly-owned subsidiary of The Hong Kong Mortgage Corporation Limited (HKMC), which enables people aged 55 or above to use their residential properties in Hong Kong as security to obtain reverse mortgage loans.

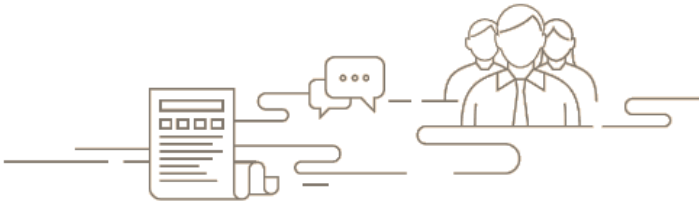
Under a reverse mortgage loan, the borrower will receive monthly payouts over a fixed payment term or throughout his entire life. The borrower may also apply for lump-sum payouts to suit personal needs. In general, the borrower does not need to repay the reverse mortgage loan during his lifetime, unless it is terminated under specific circumstances.

When a reverse mortgage loan is terminated, the property owner (or his personal representative) will have the preferential right to redeem the mortgaged property by repaying in full the outstanding loan amount, otherwise the lender will dispose of the mortgaged property to repay the outstanding loan amount. If there is any shortfall, it will be borne by the HKMCI under an insurance arrangement between the lender and the HKMCI. Any surplus will be passed to the property owner (or his personal representative).

Joint application for a reverse mortgage loan by up to three borrowers is allowed. An eligible borrower for a reverse mortgage loan must:

- be aged 55 or above (or aged 60 or above for owners of subsidised sale flats with unpaid land premium) and a holder of a valid Hong Kong identity card; and
- not be an undischarged bankrupt or otherwise subject to bankruptcy petition or individual voluntary arrangement (except under specified circumstances).

In general, the property offered as security for a reverse mortgage loan must be a residential property in Hong Kong. It must be owned by the borrower as sole and beneficial owner or as joint tenants, or by a limited company incorporated in Hong Kong, wholly and directly owned by the borrower(s). Property exceeding 50 years of age will be considered on a case-by-case basis. The property must not be subject to resale restrictions, except for subsidised sale flats subject to the required consent. It must not be rented out, except under specified circumstances(1).



(1) For details of the eligibility criteria for The Reverse Mortgage Programme, please refer to https://www.hkmc.com.hk/eng/our_business/reverse_mortgage_programme.html

Summary of Social Bond Issuances

As of 30 September 2026, the HKMC had issued four rounds of social bonds. The 2022, 2023 and 2024 Social Bonds were issued under the 2022 Framework, with proceeds fully dedicated to the Special 100% Loan Guarantee under the SME Financing Guarantee Scheme, while the 2025 Social Bond was issued under the 2025 Framework, with proceeds dedicated to the RMP. The net proceeds from the 2022, 2023 and 2024 Social Bonds have been fully allocated upon issuance. All tranches of the 2022 Social Bonds matured in October 2025. The details of the social assets and the allocation of proceeds for the two outstanding multi-tranche Social Bonds issued in 2023 and 2024 have been reported in the *Social Bonds Allocation Update and Impact Report 2026*, published in August 2026.

The HKMC obtained a pre-issuance SPO from Sustainable Fitch for the November 2025 Social Bonds, receiving a Good Rating. The details of the social assets and the allocation of proceeds for the 2025 Social Bond are reported in the ensuing sections.

Round	Issue Date	Maturity Date	Description	Use of Proceeds
1	October 2022	HKD: 25 October 2024 CNH: 25 October 2025	• Inaugural social bond issuance • Comprised of 2 tranches, denominated in 2 currencies: HKD 8 billion 2-year and CNH 3 billion 3-year	• To support the 100% SFGS
2	September 2023	HKD: 12 September 2025 CNH: 12 September 2026 USD: 13 September 2028	• Comprised of 3 tranches, denominated in 3 currencies: HKD 9.5 billion 2-year, CNH 5 billion 3-year, and USD 650 million 5-year • The largest social bond issuance in Asia on the date of issuance	• To support the 100% SFGS
3	October 2024	HKD: 17 October 2026 & 17 October 2029 CNH: 18 October 2031 USD:18 October 2027	• Comprised of 4 tranches, denominated in 3 currencies: HKD 7 billion 2-year and HKD 8 billion 5-year, CNH 2 billion 7-year, and USD 850 million 3-year • The largest social bond issuance in Asia Pacific on the date of issuance	• To support the 100% SFGS
4	November 2025	HKD: 25 November 2055	• Comprised of 1 social tranche, denominated in HKD: HKD 2 billion 30-year • The largest 30-year HKD bond issuance in Hong Kong on the date of issuance • The first-ever social bond issuance in Asia Pacific with proceeds being used to support the RMP that provides essential financing for the elderly in Hong Kong	• To support the RMP

Bond Issuance Summary of the Social Bond Issuance in November 2025

- Main details of the issuance are as follows:

Issuer	The Hong Kong Mortgage Corporation Limited
Issue Rating*	AA+ (S&P) / Aa3 (Moody's)
Currency	HKD
Issue Size	HK$2 billion
Issue Date	25 November 2025
Maturity Date	25 November 2055
Tenor	30 years
Yield	3.88% per annum
Status	Senior and unsecured
Listing	The Stock Exchange of Hong Kong Limited
Use of Proceeds	The net proceeds of the 30-year notes issued will be used exclusively to finance and / or refinance projects that fall under the "Access to Essential Financing & Financial Services for the Elderly" Eligible Asset Category under the Social, Green and Sustainability Financing Framework (August 2025)

Key achievements by this social bond issuance* include:

- Largest 30-year HKD bond issuance in Hong Kong and longest HKD social tranche
- First-ever social bond issuance in Asia Pacific with proceeds being used to support the HKMC's Reverse Mortgage Programme (RMP) that provides essential financing for the elderly in Hong Kong

*as of 25 November 2025

Allocation Reporting (as of 30 September 2026)

November 2025 Social Bond Issuance

By Eligible Social Asset Categories



Eligible Social Asset Category	Brief Description	No. of Eligible Reverse Mortgage Loans	Amount of Proceeds Allocated (HKD Billion)
Access to Essential Financing & Financial Services for the Elderly (1)	▪ HKMC has supported various elderly homeowners(2) with the reverse mortgage loan(2) over the last reporting period(3)	1,627	2.0

* The information reported are as of 30 September 2026

(1) The Eligible Social Asset Category "Access to Essential Financing & Financial Services for the Elderly" has been added in the 2025 Framework.
(2) A reverse mortgage loan borrower must be aged 55 or above. The RMP has a clear aim to support elderly homeowners to enhance the quality of their retirement lives.
(3) The reporting period is from 25 November 2025 (date of issuance of the 2025 Social Bond) to 30 September 2026.

Impact Reporting

- In this section, HKMC provides impact reporting on its social bond issuance to show the positive social benefits of the allocated reverse mortgage loans under the RMP(1).
- All proceeds of the November 2025 social bond tranche are allocated to refinance HKMC's existing portfolio of reverse mortgage loans.
- As of 30 September 2026, the social impacts of the allocated reverse mortgage loans under the RMP(1) are consolidated as below:

Applicable Issuance	Eligible Social Asset Category	Brief Description	No. of Eligible Reverse Mortgage Loans	No. of Elderly Supported Through the Reverse Mortgage Loans
November 2025 Social Bond	Access to Essential Financing & Financial Services for the Elderly (2)	▪ HKMC has supported various elderly homeowners(3) with the reverse mortgage loans over the last reporting period(4)	1,627	2,209

(1) The Reverse Mortgage Programme is operated by HKMC Insurance Limited (HKMCI), a wholly-owned subsidiary of the HKMC, which enables people aged 55 or above to use their residential properties in Hong Kong as security to obtain reverse mortgage loans from lenders.
(2) The Eligible Social Asset Category "Access to Essential Financing & Financial Services for the Elderly" has been added in the 2025 Framework.
(3) A reverse mortgage loan borrower must be aged 55 or above. The RMP has a clear aim to support elderly homeowners to enhance the quality of their retirement lives.
(4) The reporting period is from 25 November 2025 (date of issuance of the 2025 Social Bond) to 30 September 2026.

Reporting Methodology

- The reporting of the 2025 Social Bond with proceeds dedicated to the RMP is published separately, providing details of the allocation of the net proceeds and social impacts during the year ended 30 September 2026.
- As of 30 September 2026, HKMC earmarked an adequate amount of reverse mortgage loans under the RMP for the 2025 Social Bond. Specific details, such as the total number of elderly supported, corresponding to the selected reverse mortgage loans were recorded when the relevant loan applications were made. The figures shown in the report are not cumulative.
- The loan portfolio data covered by this report is subject to internal review procedures and review mechanisms established in accordance with the 2025 Framework.
- The loan portfolio data included in this report follows the below assumptions:

- **1) Data Preparation Date:**
  - For the purpose of Allocation Reporting,
    - the Amount of Proceeds Allocated reflects the outstanding loan balance of the reverse mortgage loans earmarked for the respective social bond issuances as of 30 September 2026; and
    - the Number of Elderly Supported and the Number of Eligible Reverse Mortgage Loans represent the total number of individual reverse mortgage loan borrowers and related approved loan applications associated with the loans earmarked for the respective social bond issuances as of 30 September 2026, respectively. The figures shown in the report are not cumulative.
  - During the year ended 30 September 2026, some of the loans initially allocated for the 2025 Social Bond has increased in outstanding principal balance mainly due to regular payout under the RMP. As a result, the total outstanding balance of the reverse mortgage loans earmarked for the 2025 Social Bond would exceed the outstanding balance of the social bond on the reporting date. In view of this, some of the reverse mortgage loans initially earmarked for the 2025 Social Bond were reallocated from the loan pool for the 2025 Social Bond for other issuances. This is to ensure the bond proceeds are fully allocated for the support of elderly under the RMP.
  - The other reported information including Number of Elderly Supported is generally based on the information represented by the reverse mortgage loan borrowers at the time when the loan applications were received and therefore may not reflect the latest circumstances of the reverse mortgage loan borrowers as of 30 September 2026.

Reporting Methodology (cont'd)

- **2) Application Procedure and Source of Data:**
  - In preparation for the loan portfolio data of the eligible reverse mortgage loans for disclosure in this report, HKMC relied on the information gathered from the reverse mortgage loan borrowers when they made their loan applications through various financial institutions in Hong Kong (participating institution). Such information includes but is not limited to 1) borrowers' particulars (e.g. borrowers' age), 2) loan terms (e.g. specified property value, mortgage plan, payment term), and 3) property particulars (e.g. value and age of property as per valuation reports prepared by external surveyors).
  - HKMC provided the participating institutions with detailed sets of guidelines for their verification of the eligibility of the applicants under the RMP. The participating institutions will explain details of the programme and conduct a preliminary eligibility assessment.
  - The participating institution exercises its due diligence and professional expertise to ascertain whether each reverse mortgage application satisfies the eligibility criteria of RMP. HKMC subsequently conducts assessment on the application submitted by the participating institution, and the participating institution can proceed with the origination of reverse mortgage loan subject to HKMC's approval.
  - A total of 9 participating institutions accepted applications for the fixed-rate RMP: Bank of China (Hong Kong) Limited, China Construction Bank (Asia) Corporation Limited, Chiyu Banking Corporation Limited, CMB Wing Lung Bank Limited, HKMC Mortgage Management Limited (**HMML**), Nanyang Commercial Bank, Limited, OCBC Bank (Hong Kong) Limited, Shanghai Commercial Bank Limited and Standard Chartered Bank (Hong Kong) Limited.
  - All participating institutions (except HMML) are authorized institutions under the Banking Ordinance of Hong Kong, and the conduct of their business activities is subject to supervision by the Hong Kong Monetary Authority. HMML is a wholly-owned subsidiary of the HKMC.
  - The participating institution which the borrower approach for making the formal application for a reverse mortgage loan acts as either the lender or the referrer.
  - To provide elderly homeowners in Hong Kong with the opportunity to unlock the value of their properties, supporting retirees to meet healthcare and other livelihood needs, the eligibility criteria of the RMP are simple and clear such that the loan applications can be approved swiftly by the participating institutions and HKMC. To ensure participating institutions' understanding of the RMP eligibility criteria, HKMC 1) conducted comprehensive consultations with participating institutions before launch of the RMP, 2) hosted frequent and regular meetings with participating institutions to provide guidance, 3) provided detailed and clear implementation guidelines for participating institutions to assess the eligibility of loan applicants and the eligible loan amount for loan applicants, and 4) put in place validation rules to screen applications received.

Reporting Methodology (cont'd)

- Each applicant of the reverse mortgage loans should enquire with a participating institution which will explain details of the RMP and conduct a preliminary eligibility assessment. Based on the information provided, the participating institution will prepare an Information Sheet and Indicative Loan Schedules showing the amount of monthly payouts, interest expenses and mortgage insurance premium under different payment terms based on the age of the applicant and the value of the property.
- The applicant should make an appointment with an eligible counsellor, who is a practicing solicitor, for a face-to-face counselling session before making a formal application for a reverse mortgage loan, helping the applicant to better understand 1) the features of a reverse mortgage loan, 2) the major rights and obligations of a reverse mortgage loan borrower, and 3) the legal consequences of taking out a reverse mortgage loan. A Counselling Certificate will be issued by an eligible counsellor to the applicant who has successfully completed the counselling session.
- Any applicant who is holding a valid Counselling Certificate may approach a participating institution to make a formal application.
- HKMC relied on the professional expertise, judgement and care of participating institutions in conducting customer due diligence, reviewing each application and verifying the eligibility of each reverse mortgage loan applicant before submitting the applications to HKMC for approval. The application information submitted by participating institutions was considered by HKMC as credible and reliable for the purpose of loan approval, considering the reasonable controls expected to be put in place by participating institutions.

- **3) Exclusion of Loans:**
  - In the selection of reverse mortgage loans for the allocation of social bond proceeds, HKMC took into consideration the Exclusionary Criteria as set out in the 2025 Framework.
  - In the allocation of proceeds, HKMC conducted due diligence to avoid the inclusion of activities which it reasonably determined as coming within the Exclusionary Criteria as set out in the 2025 Framework.
  - Such exclusions were made with the endorsement of the ESG Committee of HKMC.

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