



HONG KONG MONETARY AUTHORITY  
香港金融管理局

## **Briefing to the Legislative Council Panel on Financial Affairs**

**5 February 2024**

### **Discussion Topics**



Updates on

- Financial and Economic Environment
- Currency Stability
- Banking Stability
- Financial Infrastructure
- Hong Kong as an International Financial Centre
- Investment Environment and Performance of the Exchange Fund
- The Hong Kong Mortgage Corporation Limited



# Financial and Economic Environment

3

## Global economic growth forecasts



(% year-on-year) **Real GDP Growth**

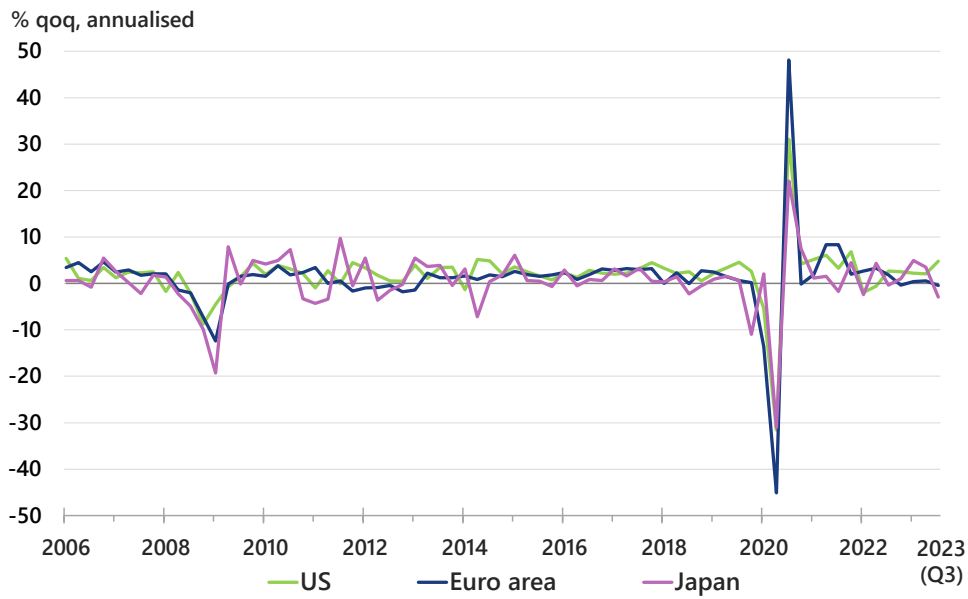
	2022	2023 Forecasts	2024 Forecasts
US	1.9	2.4	1.4
Euro area	3.4	0.5	0.5
Japan	1.0	1.9	0.8
Asia (ex-Japan)	3.6	4.8	4.5
Mainland China	3.0	5.2	4.6
Hong Kong	-3.5	3.2 (*)	N.A.

(\*) Latest forecast by the HKSAR Government on 10 Nov 2023.

Sources: Jan 2024 Consensus Forecasts and the Office of the Government Economist, HKSAR

4

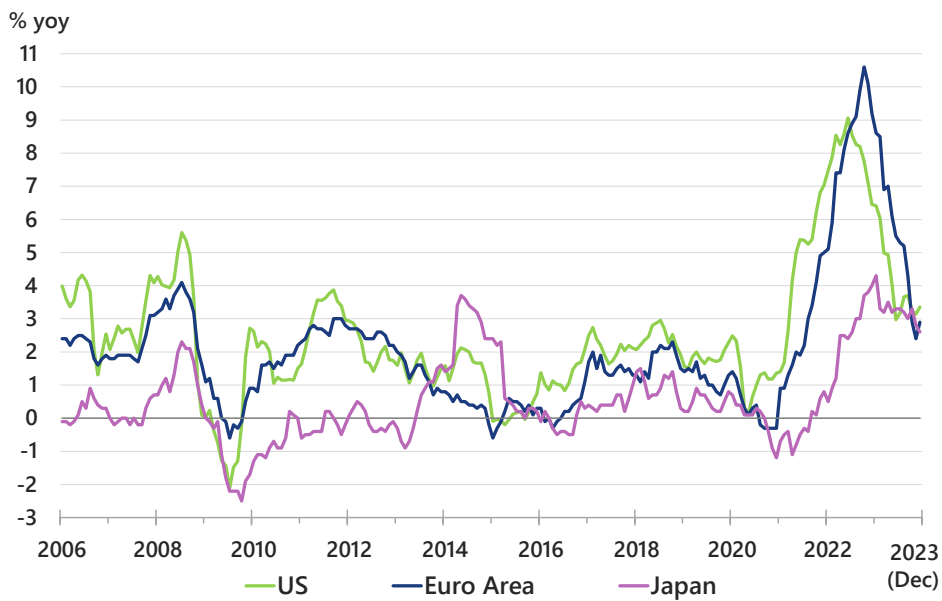
## Real GDP growth in major economies



Source: CEIC

5

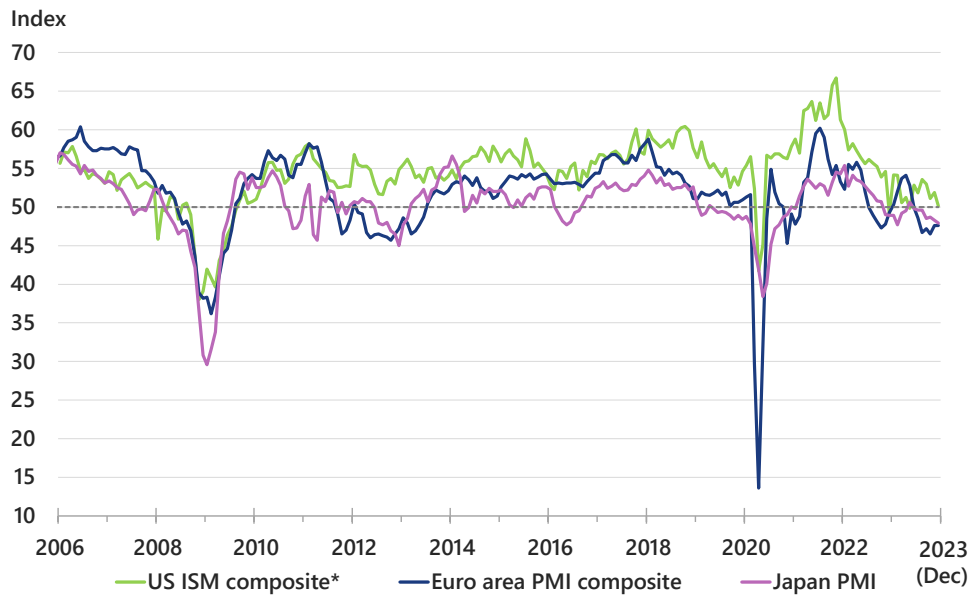
## Headline inflation in major economies



Source: CEIC

6

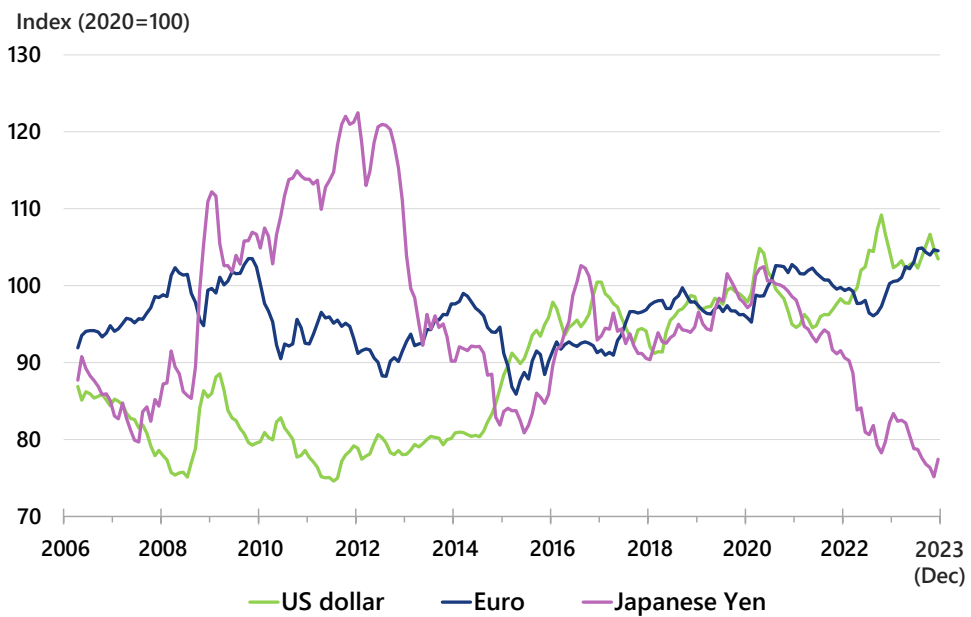
## Purchasing Managers' Index in major economies



\* Weighted average of the ISM Manufacturing and Services PMIs  
Source: CEIC

7

## Nominal effective exchange rate index of major currencies



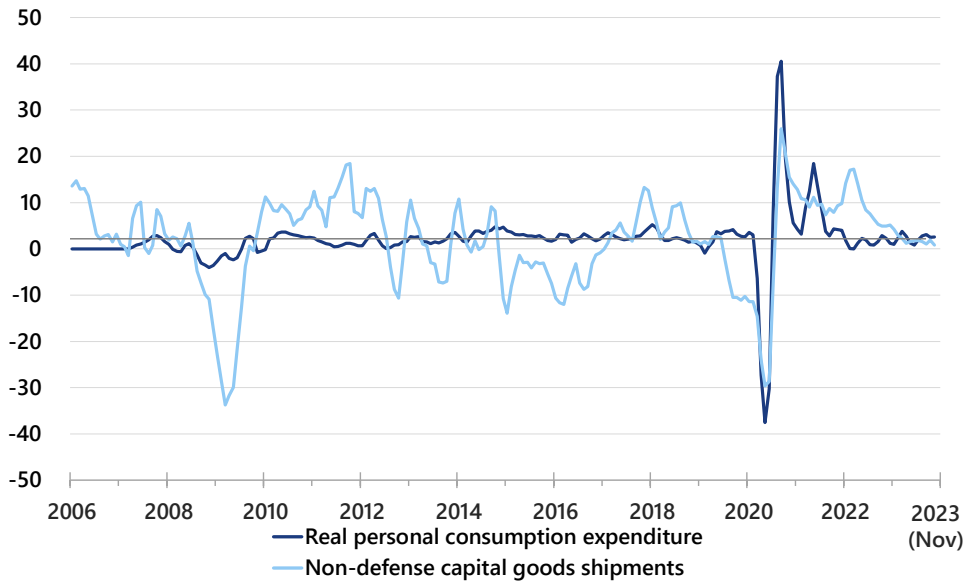
Source: CEIC

8

## US: Consumption growth and business investment activity



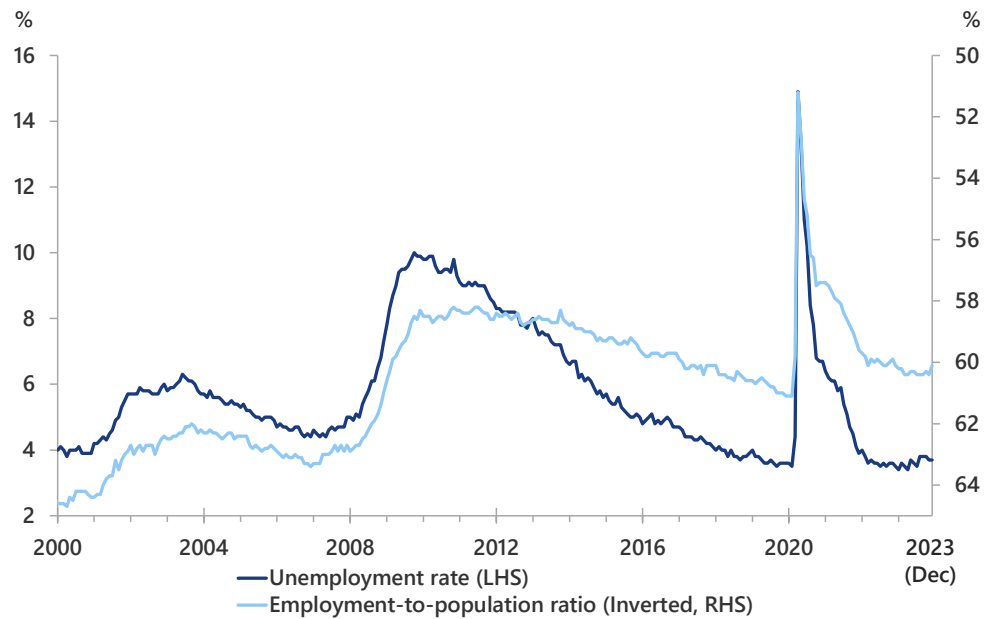
% 3m-on-3m, annualised



Source: CEIC

9

## US: Labour market situation



Source: CEIC

10

## US: Labour force participation rate



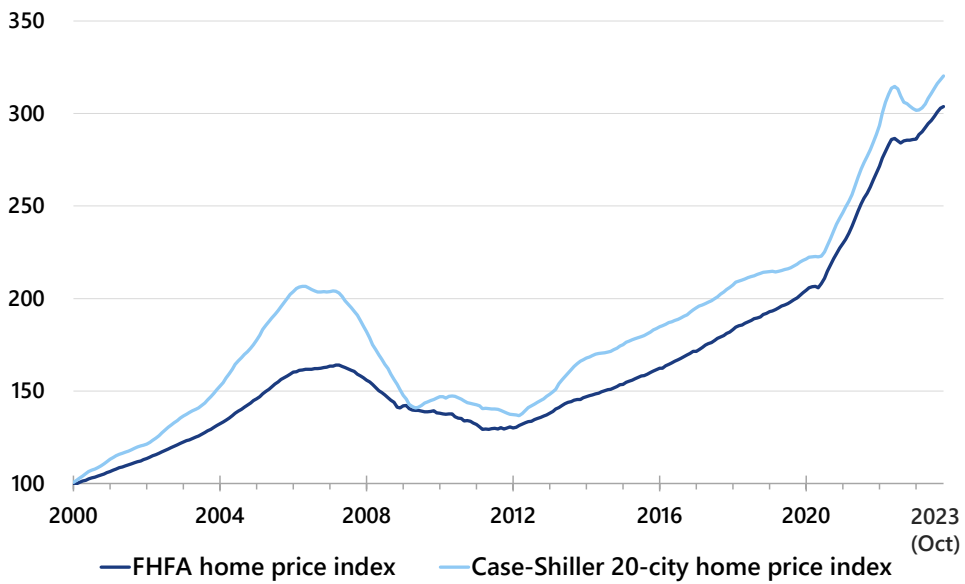
Source: CEIC

11

## US: Home prices



Index (Jan 2000=100)



Sources: CEIC and S&P

12

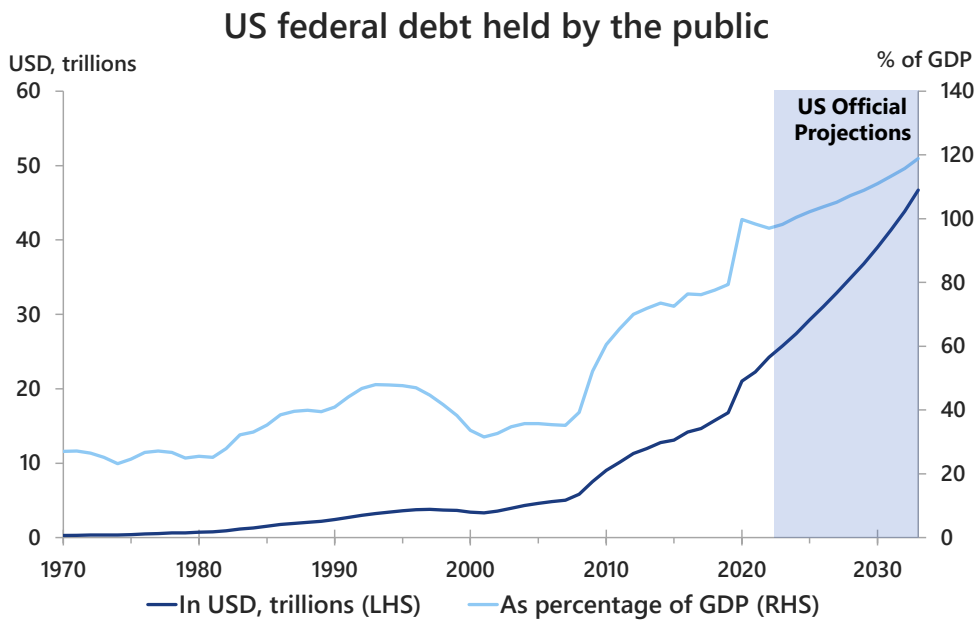
## US: Home sales



Sources: CEIC and National Association of Realtors

13

## US: Federal government debt



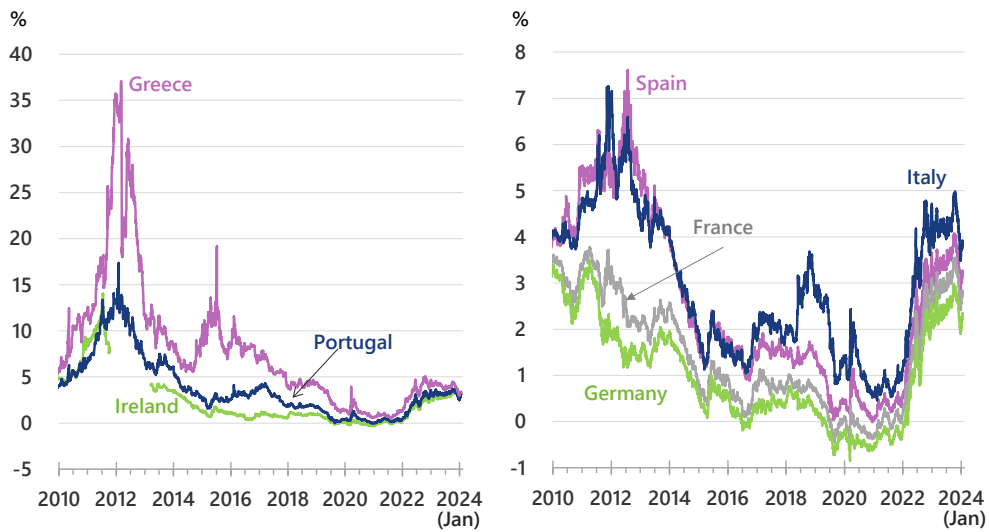
Sources: CEIC and Congressional Budget Office

14

## Euro area: Sovereign bond yields



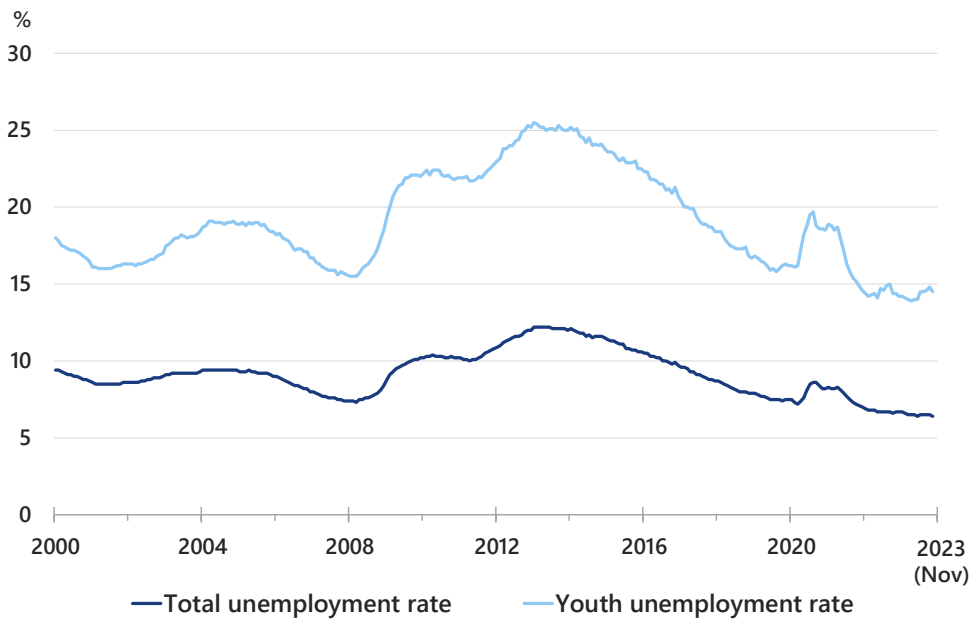
### 10-year sovereign bond yield



Note: 10-year Irish sovereign bond yield data is not available between 12 October 2011 and 14 March 2013.  
Source: Bloomberg

15

## Euro area: Unemployment rate

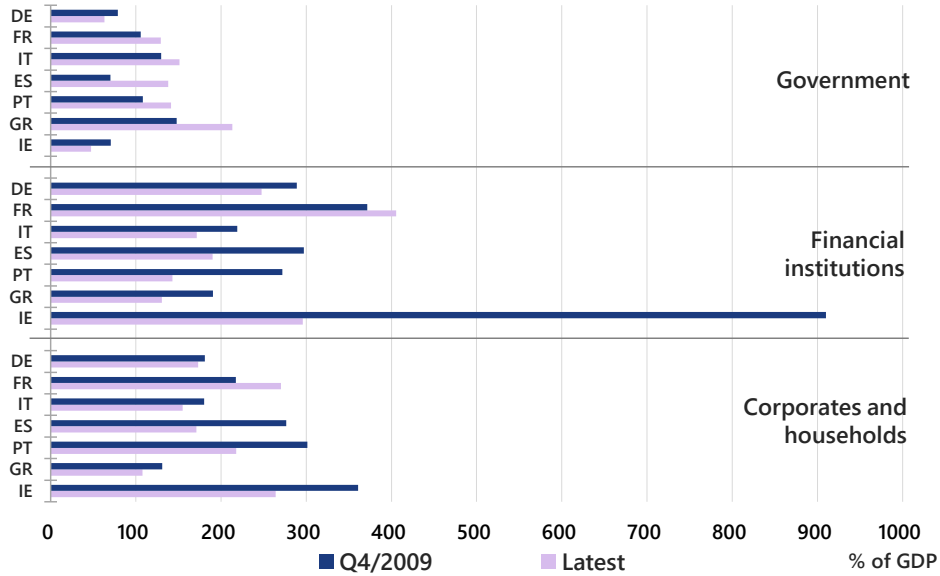


Source: CEIC

16



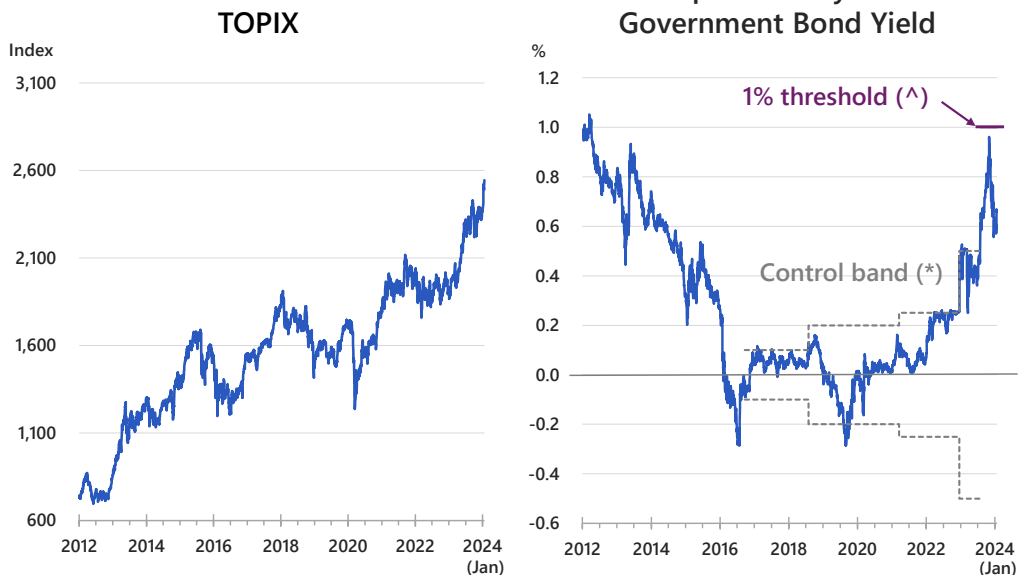
## Euro area: Overall indebtedness



Note: DE – Germany, FR – France, IT – Italy, ES – Spain, PT – Portugal, GR – Greece, IE – Ireland  
 The latest figures are up to Q3/2023.  
 Source: European Central Bank

17

## Japan: Financial markets

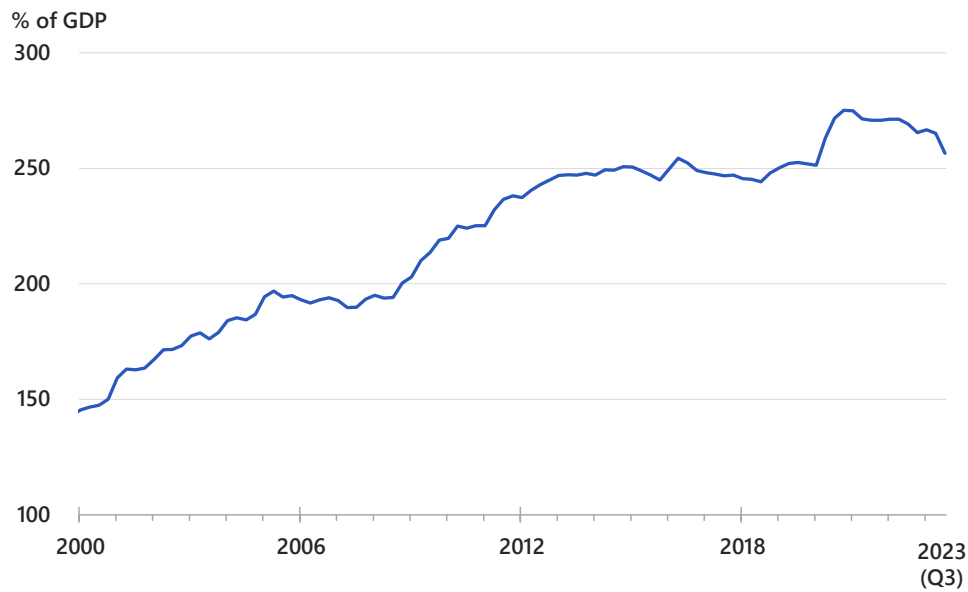


(\*) The control band for Japanese 10-year government bond yield was -0.5% to 0.5% until 28 Jul 2023  
 (^) As a cap between end-Jul and end-Oct 2023; becoming a reference upper bound since Nov 2023

Source: Bloomberg

18

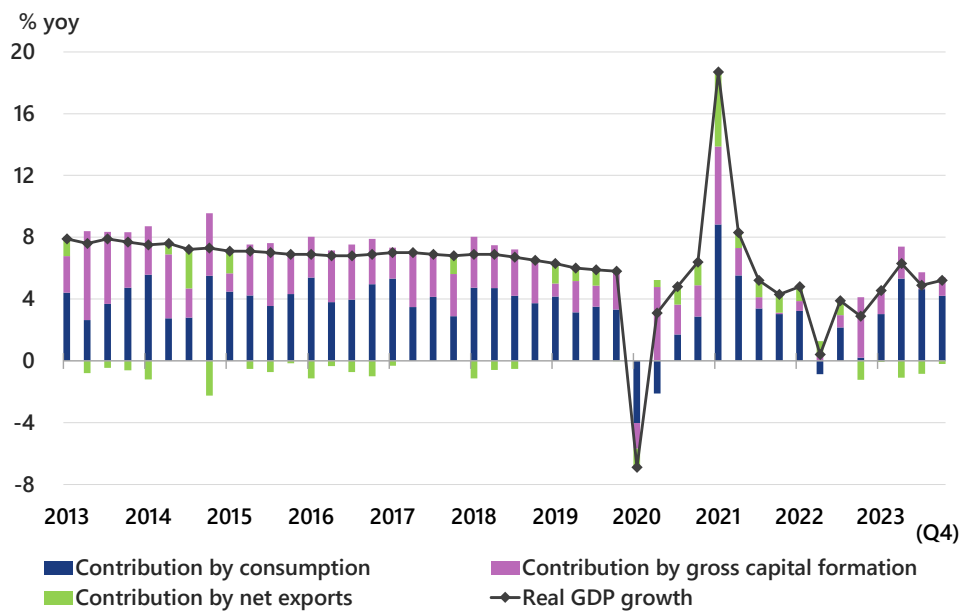
## Japan: Public debt



Sources: Bank of Japan and CEIC

19

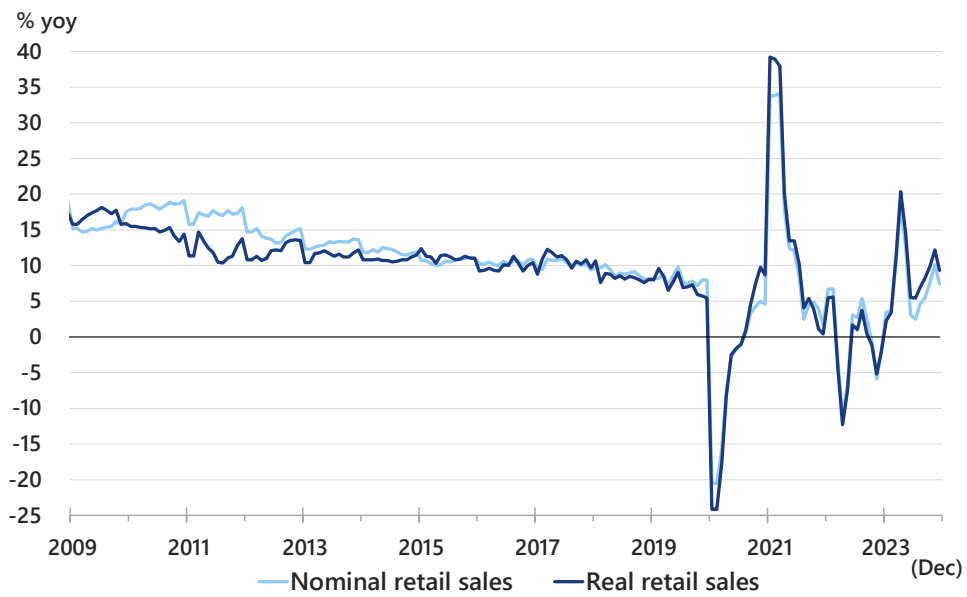
## Mainland China: Real GDP growth



Source: CEIC

20

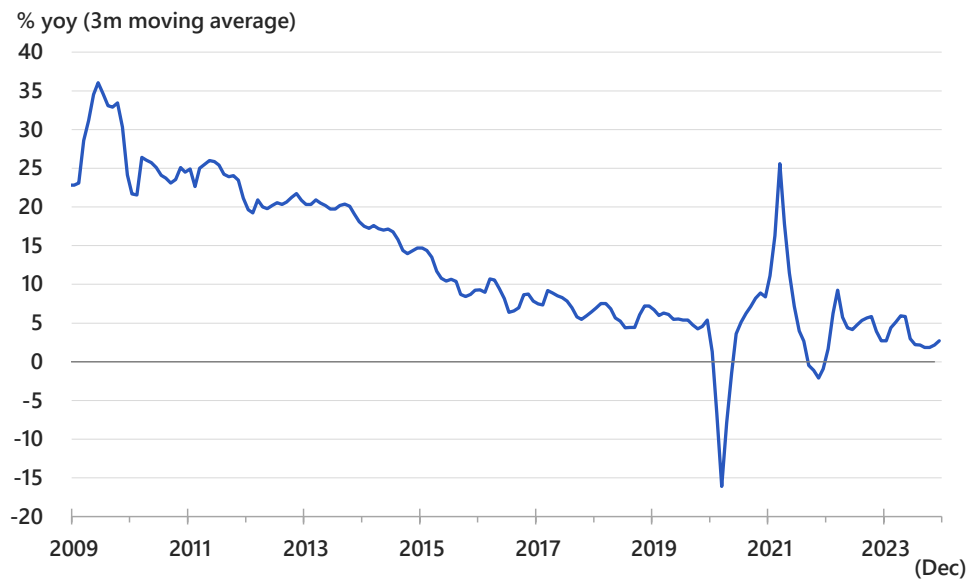
## Mainland China: Retail sales



Note: January and February figures are the average annual growth rate for the first two months of the year.  
Sources: WIND and HKMA staff estimates

21

## Mainland China: Fixed asset investment



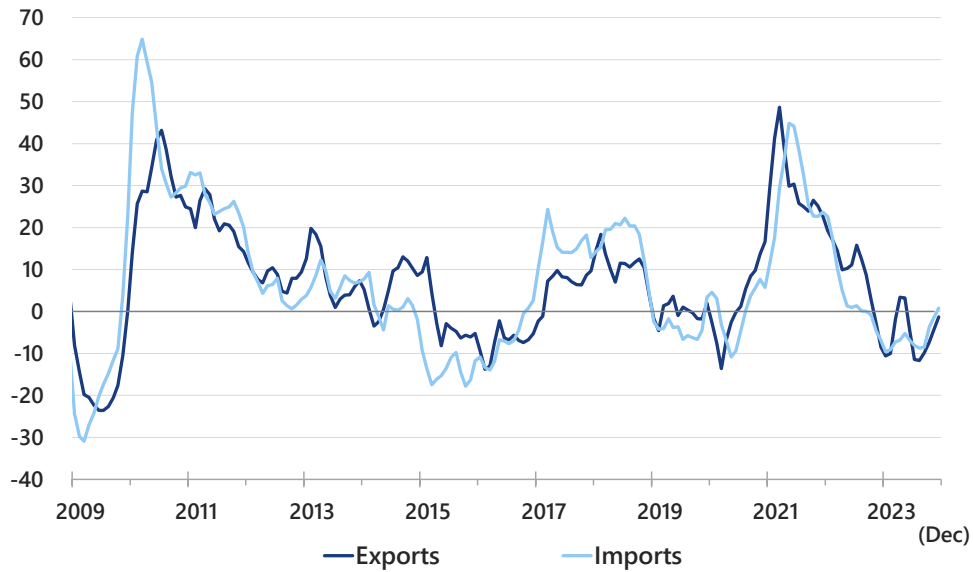
Sources: CEIC and HKMA staff estimates

22

## Mainland China: Import and export growth



% yoy (3m moving average)



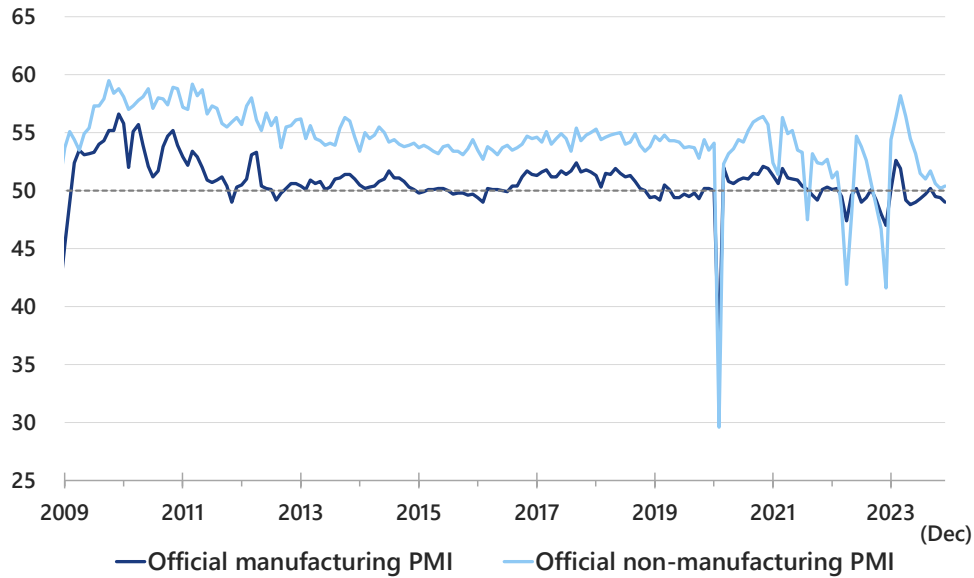
Sources: CEIC and HKMA staff estimates

23

## Mainland China: Purchasing Managers' Index



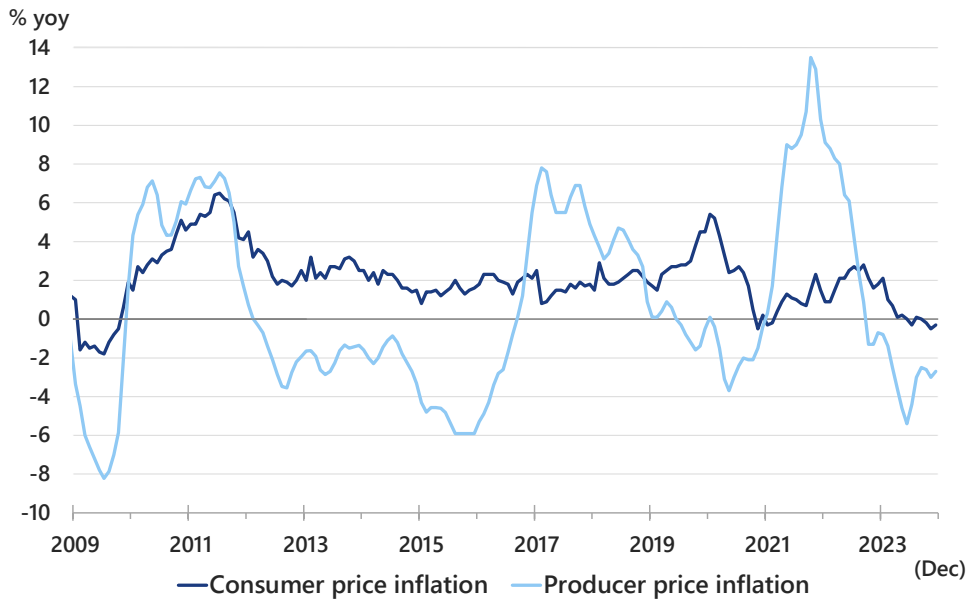
Index



Source: CEIC

24

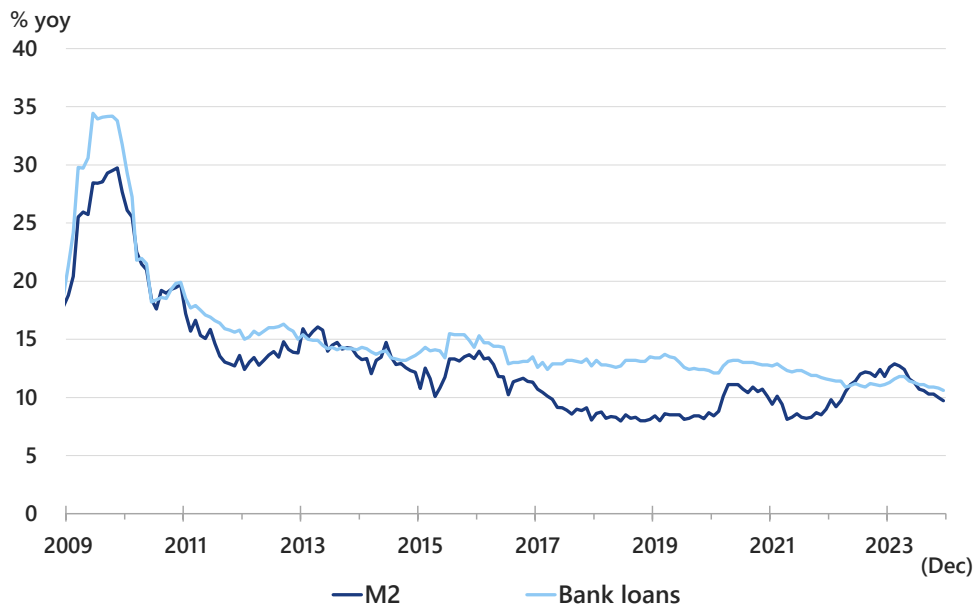
## Mainland China: Inflation



Source: CEIC

25

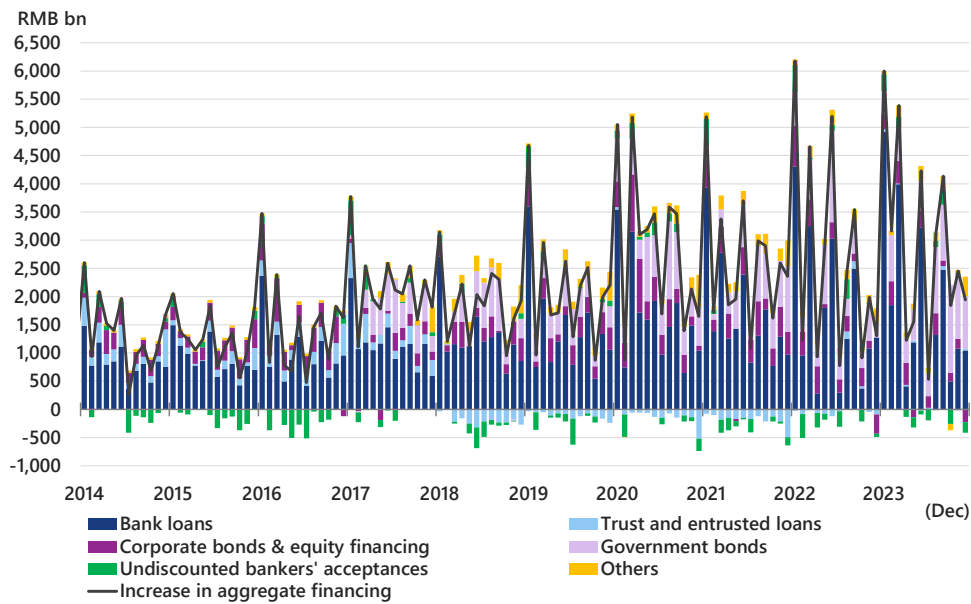
## Mainland China: Money and loan growth



Source: CEIC

26

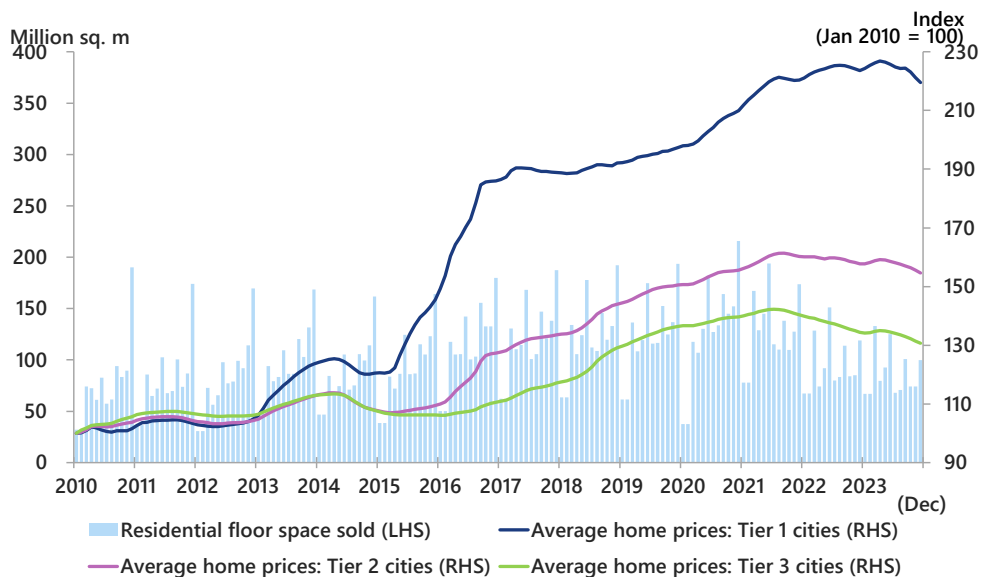
## Mainland China: Aggregate financing flow



Note: "Others" primarily include loans written off and asset-backed securities of depository financial institutions.  
Sources: CEIC and HKMA staff estimates

27

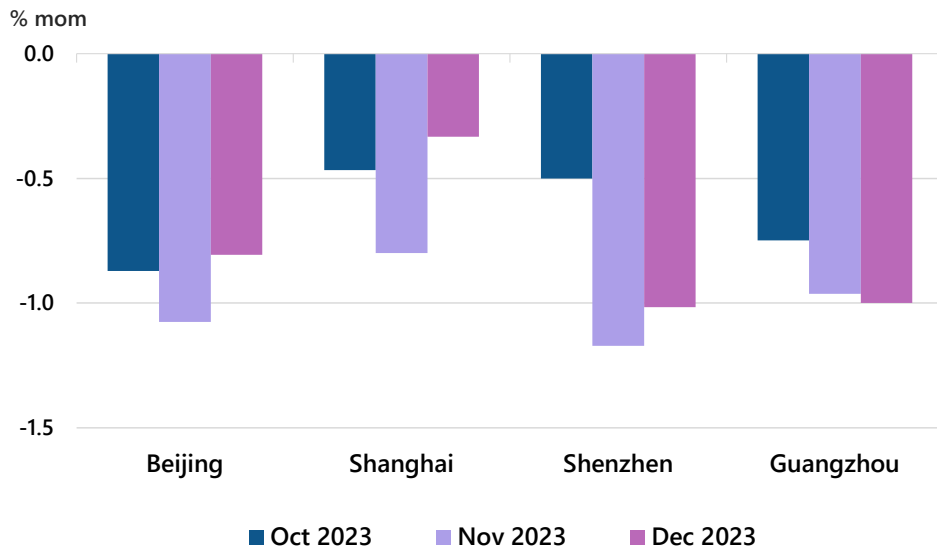
## Mainland China: Property price and transaction volume



Sources: CEIC and HKMA staff estimates

28

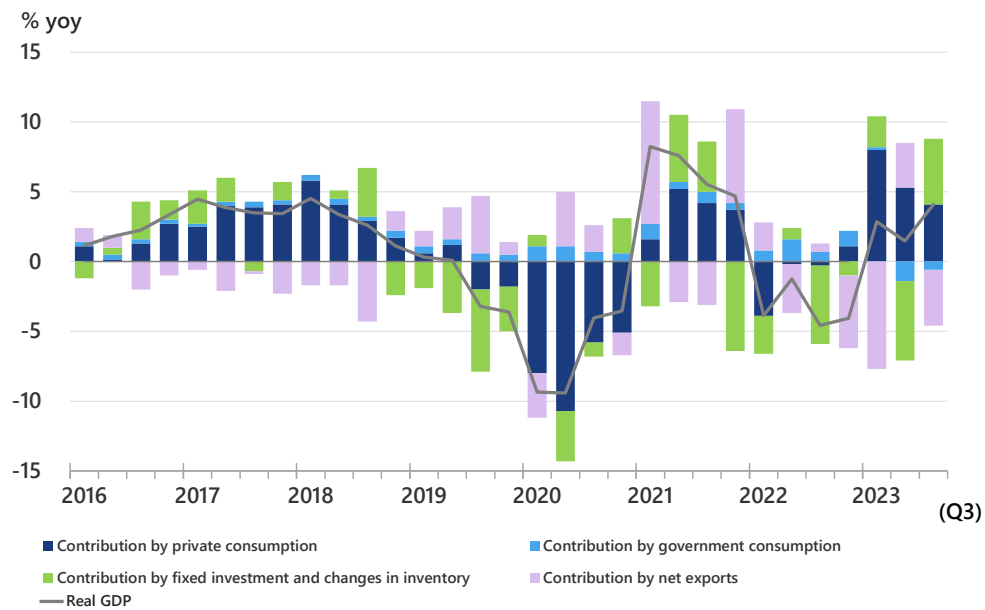
## Mainland China: Housing price changes in major cities



Sources: CEIC, WIND and HKMA staff estimates

29

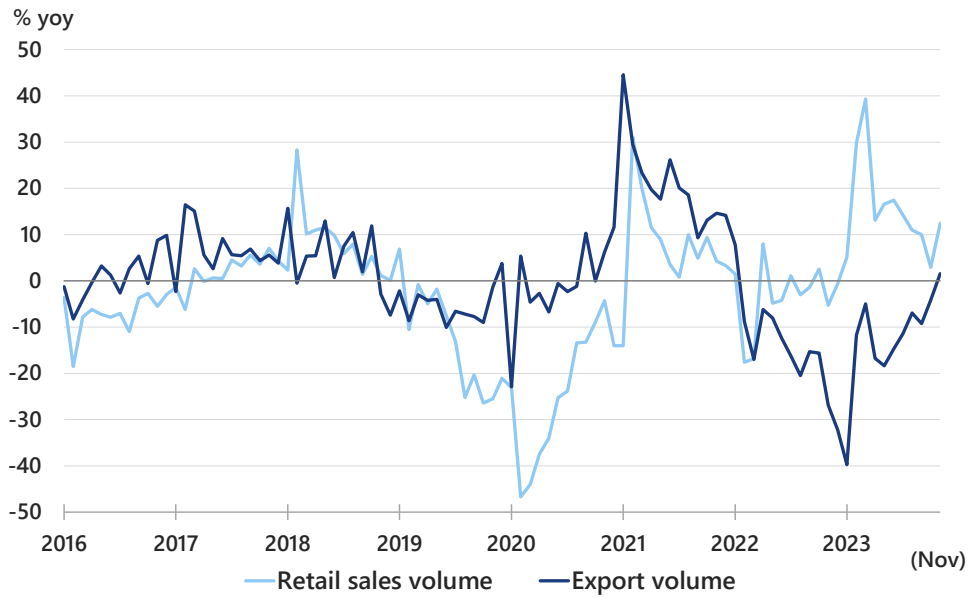
## Hong Kong: Real GDP growth



Source: C&SD

30

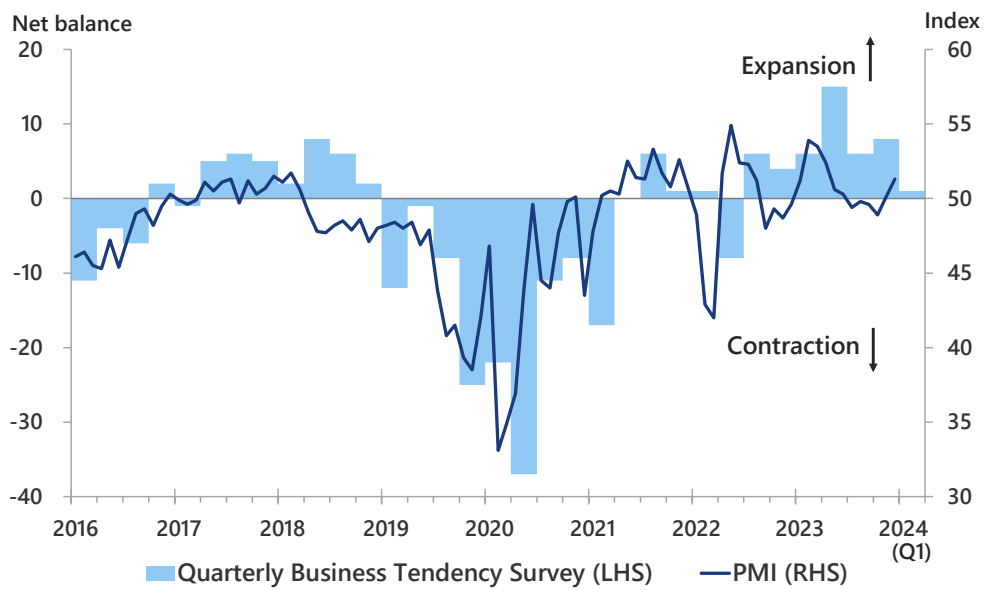
## Hong Kong: Economic activity



Source: C&SD

31

## Hong Kong: Business outlook

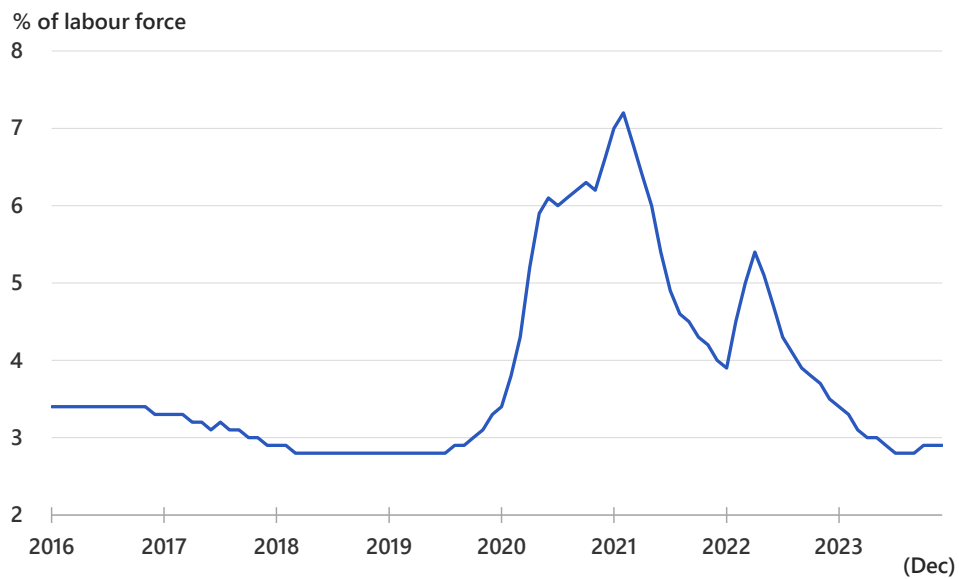


Sources: C&SD and S&P Global

32



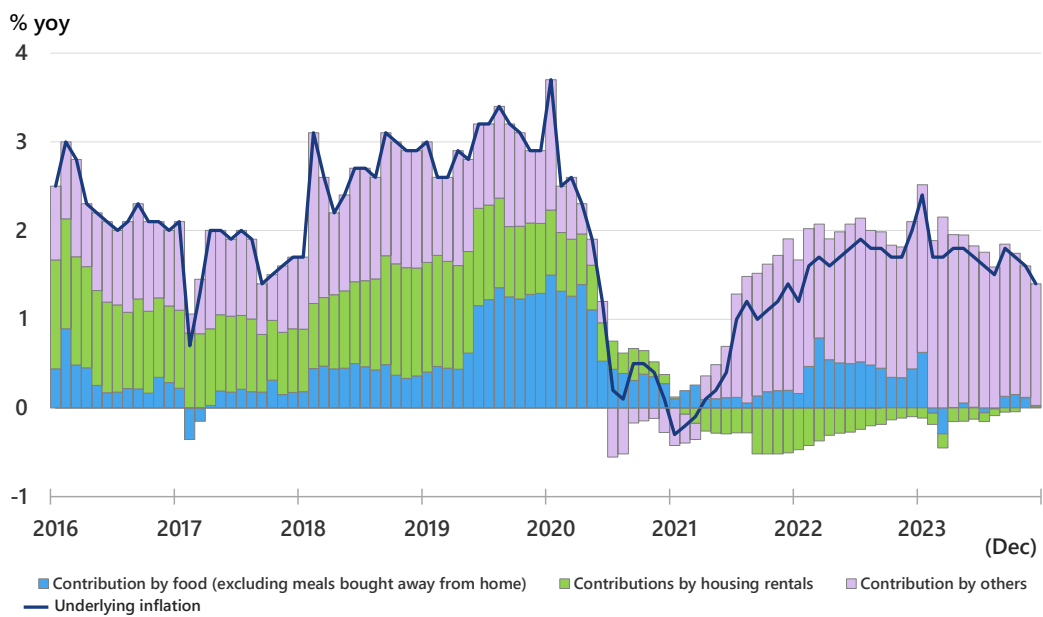
## Hong Kong: Unemployment rate



Source: C&SD

33

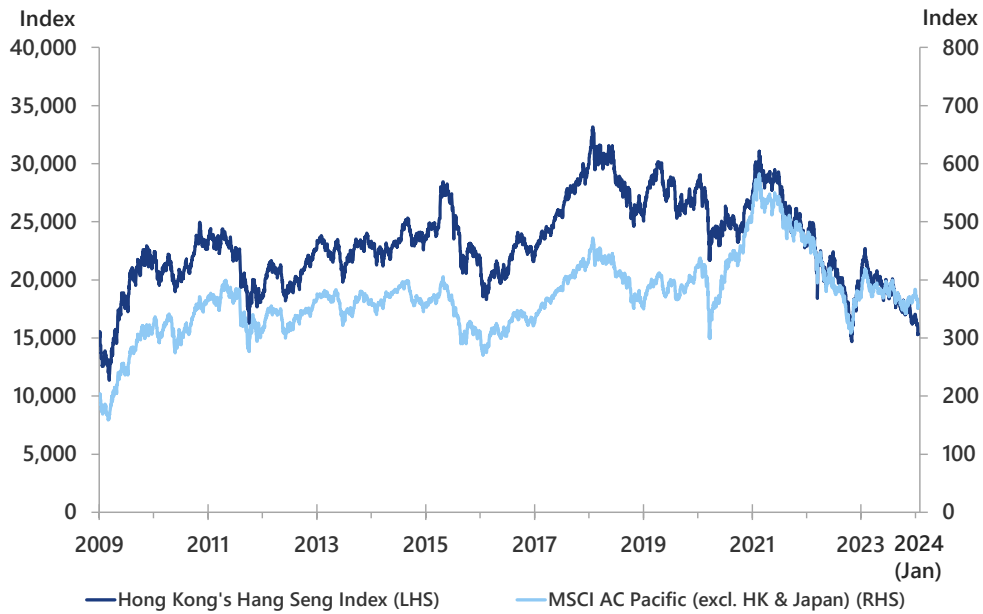
## Hong Kong: Inflation



Sources: C&SD and HKMA staff estimates

34

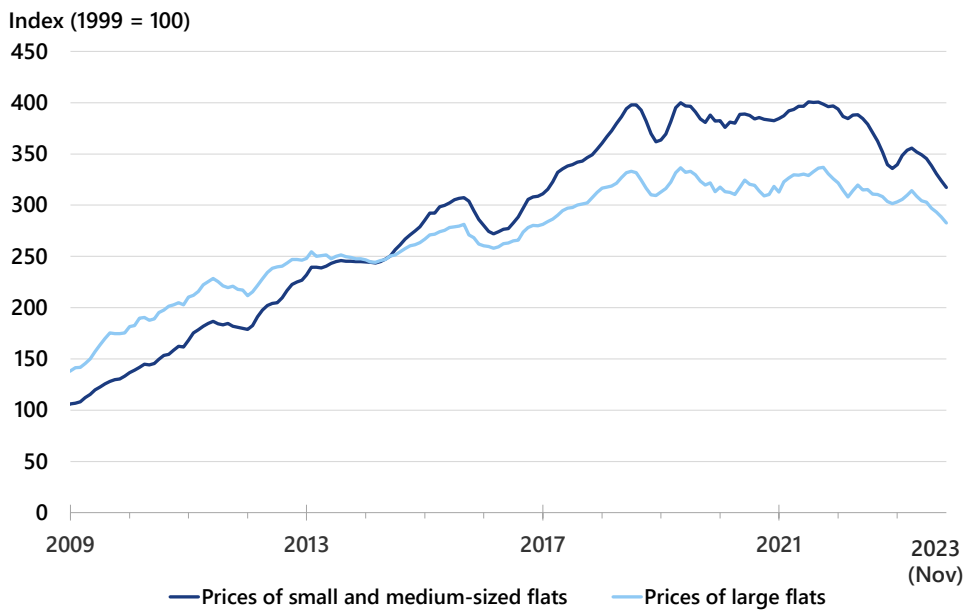
## Hong Kong: Equity market



Source: Bloomberg

35

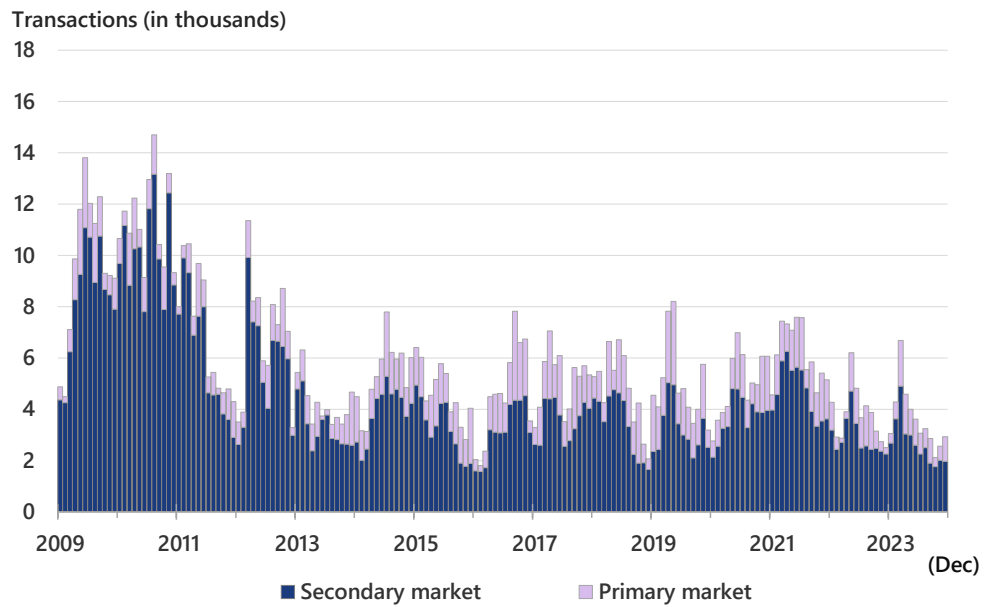
## Hong Kong: Residential property prices



Source: Rating and Valuation Department

36

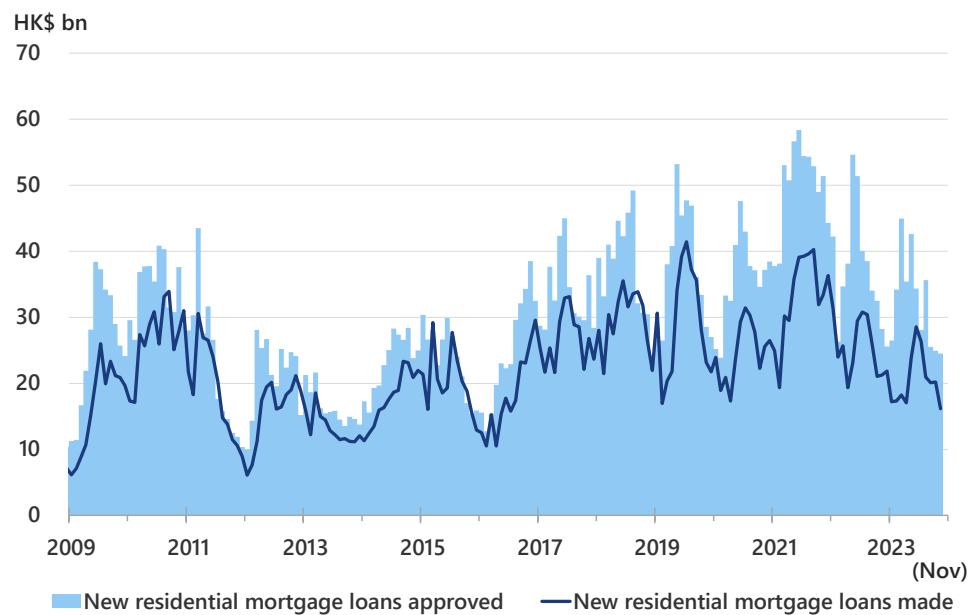
## Hong Kong: Transaction volume in the primary and secondary residential property markets



Source: The Land Registry

37

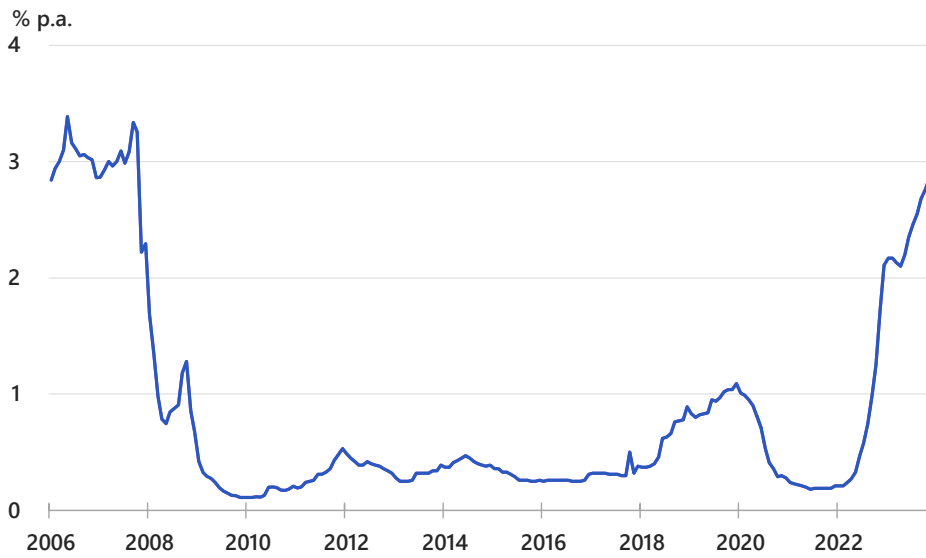
## Hong Kong: New residential mortgage loans



Source: HKMA

38

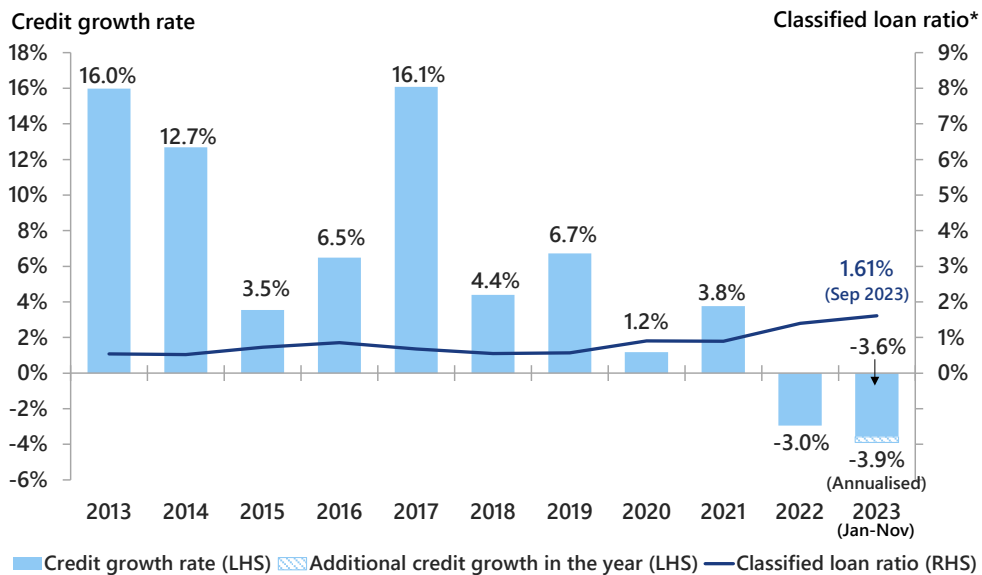
## Hong Kong: Composite interest rate



Source: HKMA

39

## Hong Kong: Loan growth and asset quality



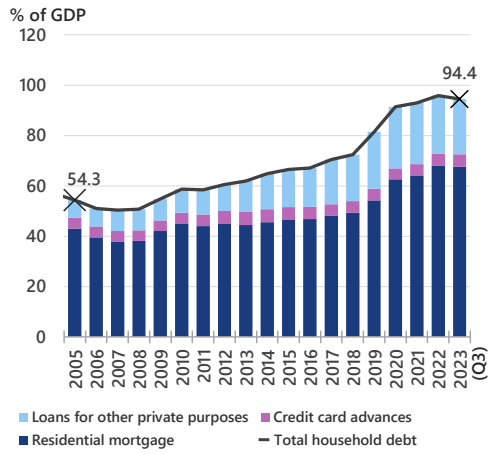
\* Classified loan ratio of all authorized institutions  
Source: HKMA

40

# Hong Kong: Household debt

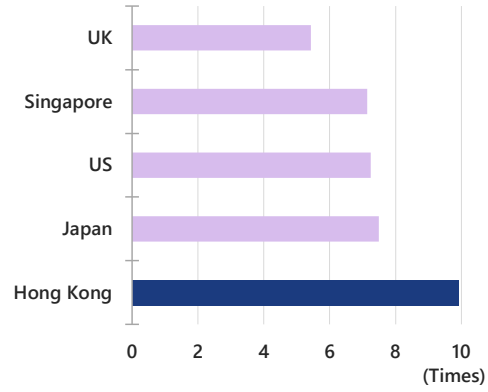


Gross household debt



Note: The majority of the household debts are residential mortgage loans, which are governed by the macroprudential policy framework, as well as collateralised loans to wealth management customers against financial assets.  
Source: HKMA

Household net worth-to-liabilities ratio

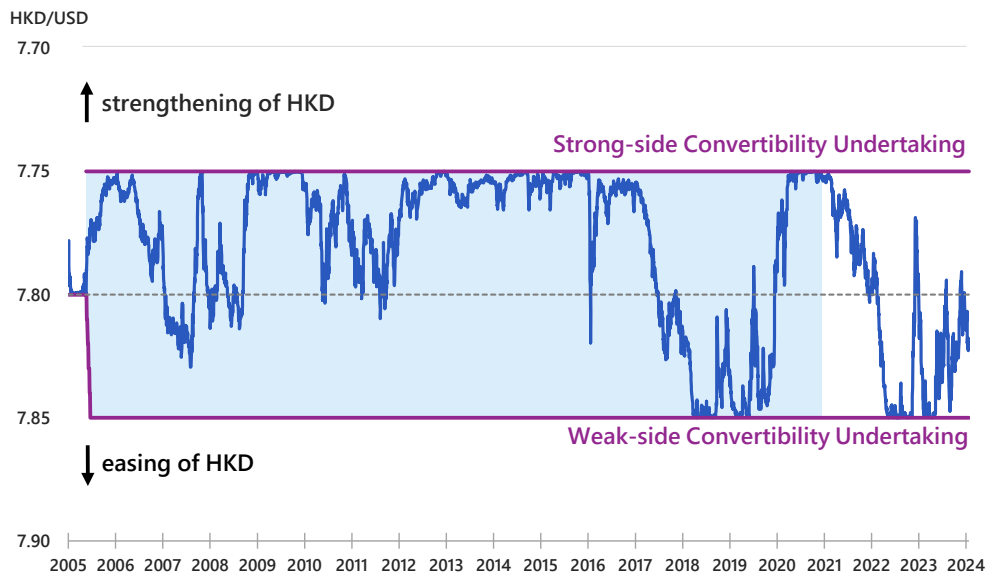


Notes: (1) Household net worth (or net household assets) is the difference between gross household assets and gross household liabilities. (2) Taking Hong Kong as an example, the above number means that Hong Kong household net worth is around 10 times its gross household liabilities. (3) The figures above refer to those at end-2022.  
Sources: HKMA staff estimates and statistical agencies or central banks of selected economies

# Currency Stability

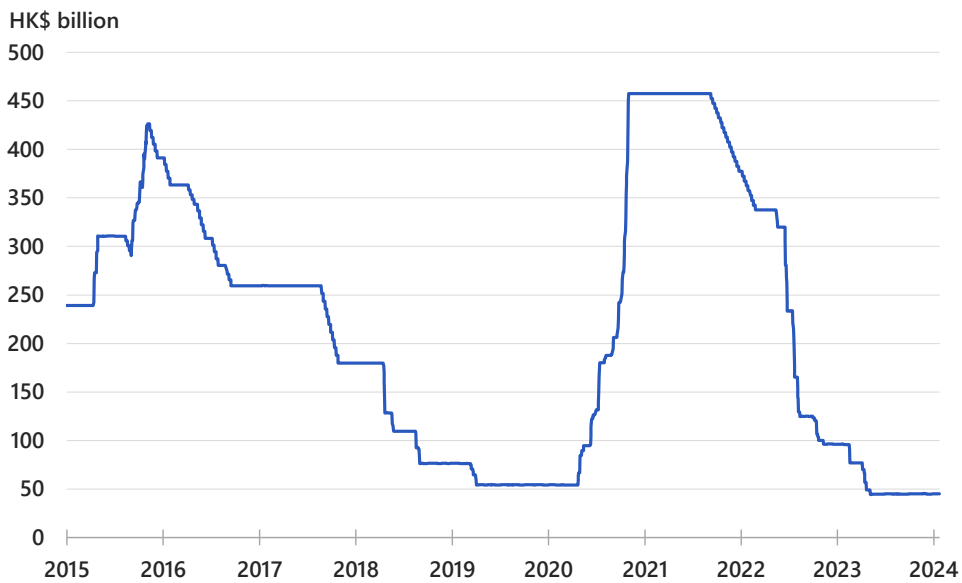


## Hong Kong dollar spot exchange rate



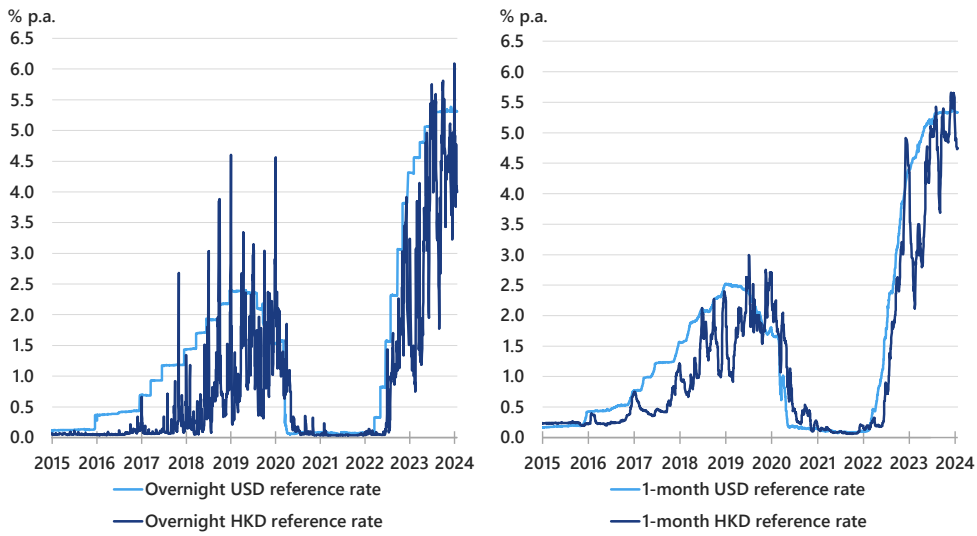
43

## Aggregate Balance



44

## Interest rates



Note: USD reference rates refer to SOFR and 1-month CME Term SOFR since 1 July 2023, following the USD LIBOR transition. Before that, HKD and USD reference rates refer to the respective HKD HIBOR and USD LIBOR fixings.

## 12-month Hong Kong dollar forward points





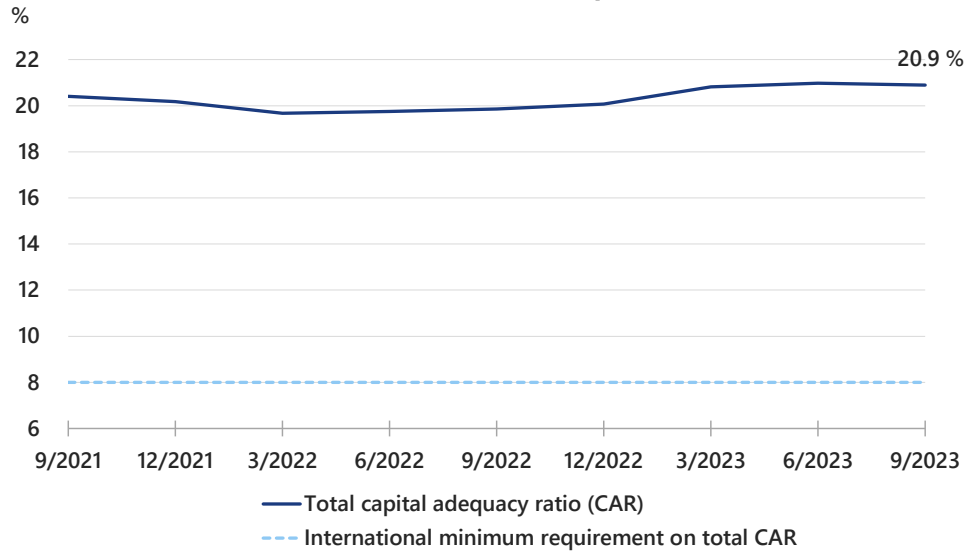
# **Banking Stability**



## Banking sector performance



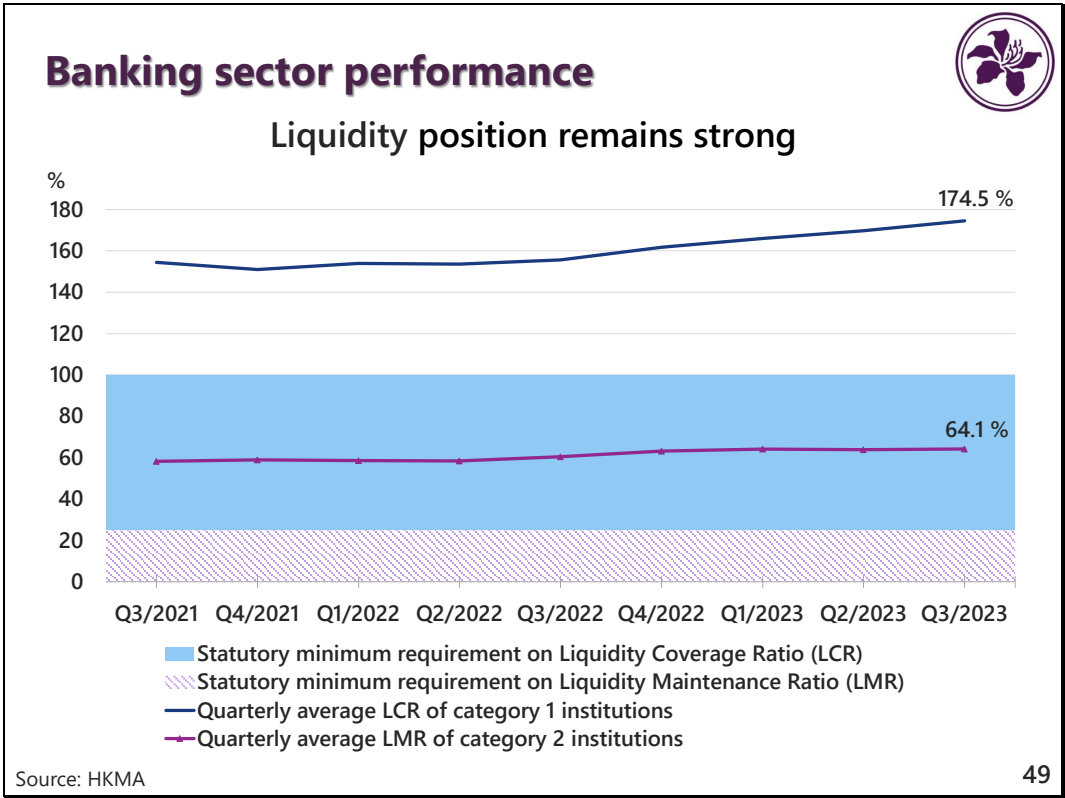
### Locally incorporated authorized institutions (AIs) continue to be well capitalised



Source: HKMA

48

- The banking sector continues to be well capitalised. The consolidated total CAR of locally incorporated AIs stood at 20.9% at end-September 2023, well above the international minimum requirement of 8%.

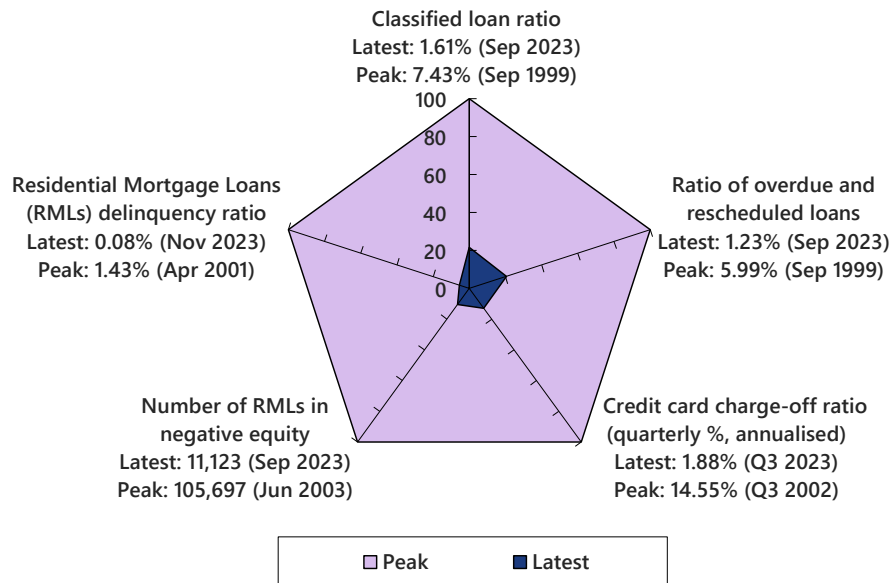


- In the third quarter of 2023, the quarterly average LCR of category 1 institutions was 174.5%, well above the statutory minimum requirement of 100%. For category 2 institutions, their quarterly average LMR was 64.1% during the same period, also well above the statutory minimum requirement of 25%.

# Banking sector performance



## Asset quality stays healthy



Source: HKMA

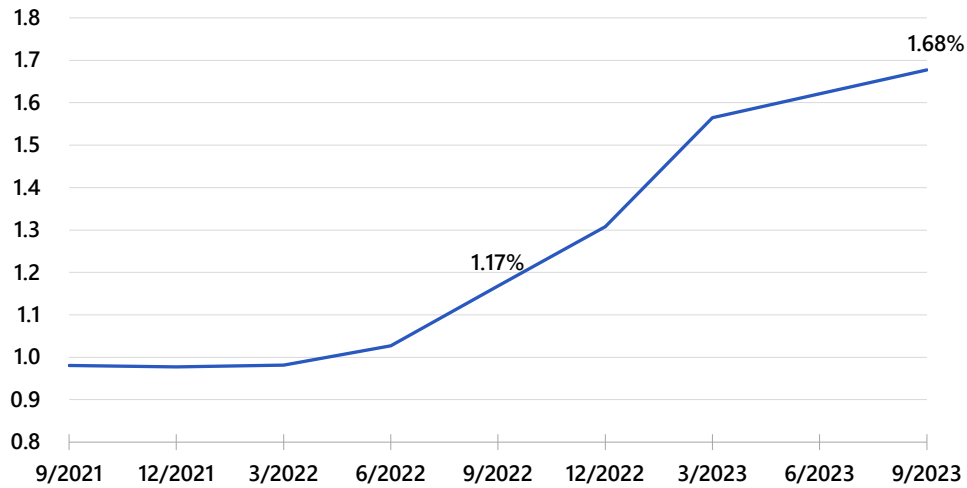
- The classified loan ratio of the banking sector rose to 1.61% at end-September 2023 from 1.50% at end-June 2023. The overall asset quality of banks remains healthy.

## Banking sector performance



### Net interest margin (NIM) widened

% (year-to-date annualised)



Source: HKMA

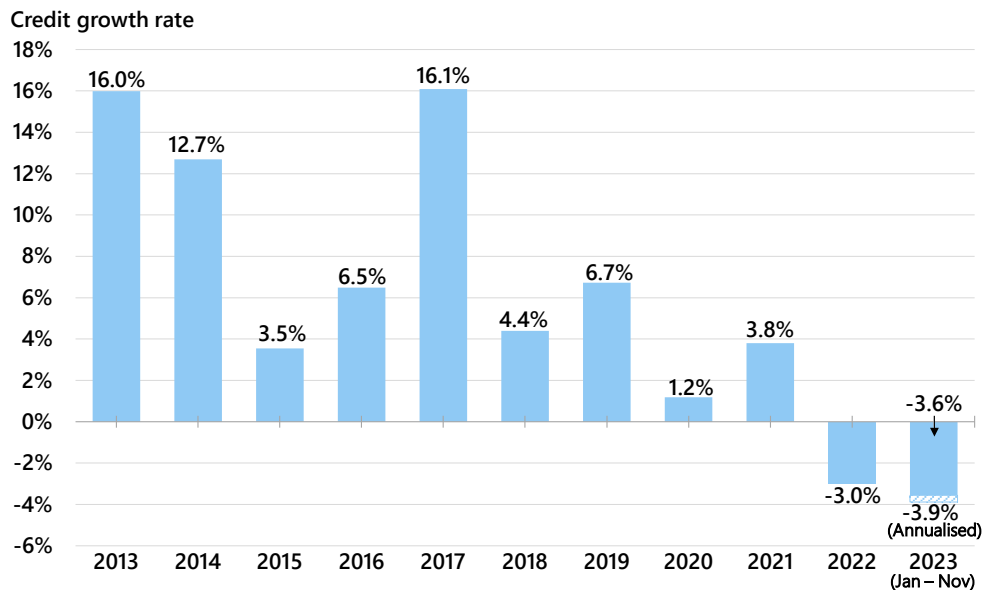
51

- The NIM of retail banks' Hong Kong businesses widened to 1.68% in the first three quarters of 2023 compared with 1.17% in the same period last year, slightly higher than the average level since 2000 (1.6%).

## Banking sector performance



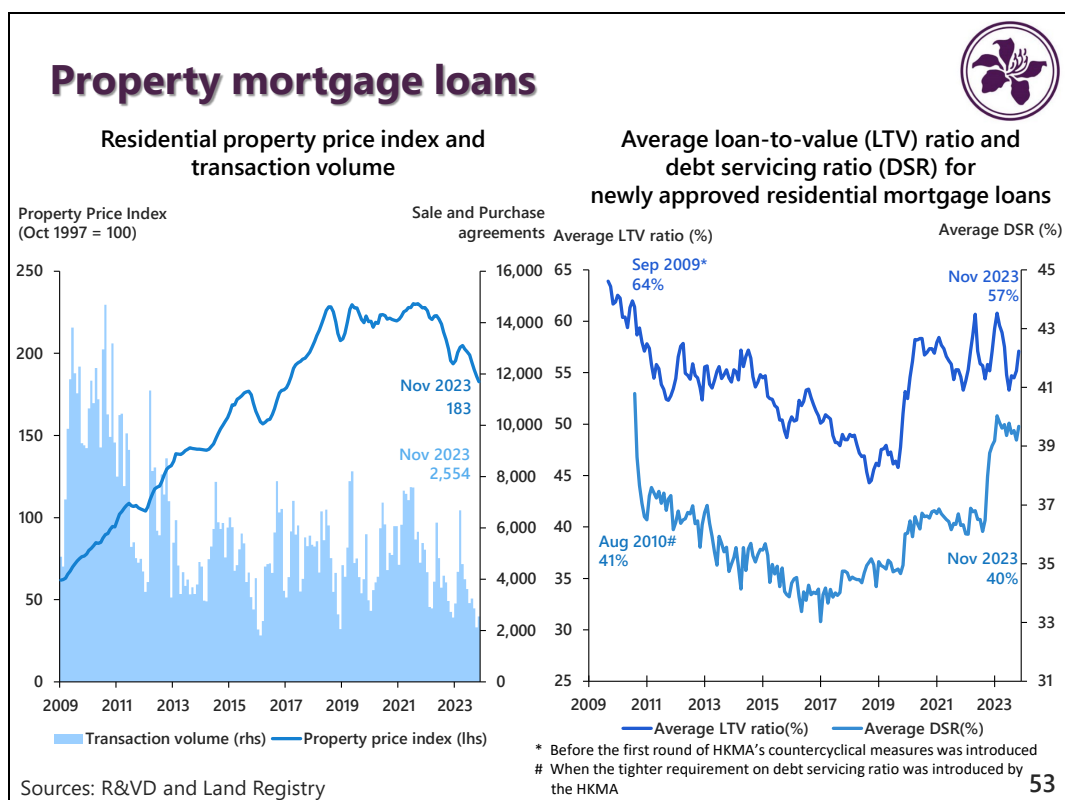
### Loan demand reduced



Source: HKMA

52

- Total loans decreased by 3.6% in the first eleven months of 2023, and decreased by 3.9% on an annualised basis. The decrease mainly reflected weaker loan demand amid higher borrowing costs and a weakened global economic outlook.



### Latest statistics on RMLs

	Monthly average in 2021	Monthly average in 2022	Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023
Number of sale and purchase agreements	6,191	3,754	3,613	3,065	3,247	2,862	2,123	2,554
Number of new RML applications	14,060	9,524	8,250	8,086	8,617	8,787	5,359	6,000
Number of new RMLs approved	10,121	7,413	7,079	5,754	7,042	5,130	5,016	5,124

### Latest statistics on residential property prices

Property price index		Period	Property price index
Rating and Valuation Department (10/1997=100)	Latest position	11/2023	182.8
	Recent peak	9/2021	230.2
	Peak in 1997	10/1997	100.0
Centaline (6/7/1997=100)	Latest position	14/1/2024	146.8
	Recent peak	8/8/2021	191.3
	Peak in 1997	19/10/1997	103.5

## International standards implementation



### Basel III final reforms

- Amendments to Banking (Capital) Rules and Banking (Disclosure) Rules

### Consequential and other updates

- Amendments to Banking (Exposure Limits) Rules and Banking (Liquidity) Rules

### Progress

- Gazetted on 29 December 2023
- Tabled at LegCo on 10 January 2024

54

### Basel III final reforms

- Taking into account the range of views from the recent industry consultation and various implementation timelines of other jurisdictions, our target local implementation schedule for implementing the revised Basel standards is:
  - those on credit risk, operational risk as well as on the output floor (for the use of internal models) will take effect on 1 January 2025;
  - those on market risk and credit valuation adjustment risk will take effect on 1 July 2024 initially for reporting purposes only, and on 1 January 2025 for the actual capital requirements; and
  - the corresponding disclosure requirements will also take effect on 1 January 2025.
- The draft rules were gazetted on 29 December 2023 and tabled at Legislative Council (LegCo) on 10 January 2024 for negative vetting. This should provide banks with sufficient time to prepare their systems for implementation.

### Consequential and other updates

- Other amendments were submitted to LegCo alongside the amendments to the Banking (Capital) Rules and the Banking (Disclosure) Rules. These include:
  - some consequential amendments to the Banking (Exposure Limits) Rules and the Banking (Liquidity) Rules, together with certain technical refinements to enhance clarity and better reflect the policy intent of some existing provisions; and
  - miscellaneous amendments to the Banking (Capital) Rules to facilitate the implementation of a positive neutral Countercyclical Capital Buffer.

## Review of the Banking Ordinance (BO)



- Amendments to the Banking Ordinance
- Target submission to LegCo: H2 2024

55

- The HKMA has embarked on a review of the BO in 2023, which seeks to
  - reflect developments in banking industry practices and supervisory approaches,
  - address specific issues identified from the HKMA’s supervisory experience, and
  - continue the process of aligning our system of regulation with that of other major financial centres.
- The review aims to focus on a number of priority areas where amendments (and enhancements) to the BO are timely and necessary.
- The HKMA is planning to consult on the proposed amendments before submitting a Banking Amendment Bill to the LegCo in the second half of 2024.



## Anti-money laundering and counter-financing of terrorism (AML/CFT)



- Public consultation on proposals for bank-to-bank information sharing underway
- Supported the launch of the Anti-Deception Alliance (ADA), which co-locates bank staff with Police officers to expedite the identification of fraud victims and interception of funds
- A pre-transaction alert mechanism for Faster Payment System (FPS) transactions rolled out
- Joint anti-fraud publicity initiatives with the banking industry and Police
- “The Digitalisation of AML/CFT Supervision: Where Now and What Next” publication shared achievements and milestones

56

- In January 2024, the HKMA conducted a public consultation on a proposal to facilitate AI-to-AI information sharing on customer accounts to prevent and detect financial crime, including legislative amendments to provide legal protection to AIs and safeguards to protect data privacy and customer confidentiality.
- With the support from the HKMA and the banking industry, the Anti-Deception Alliance was launched by Hong Kong Police Force (HKPF) in November 2023. The integrated work environment of ADA, together with analytics capabilities of banks driven by the HKMA’s work in AML/CFT Regtech, will enhance the effectiveness of 24/7 stop payment mechanism and strengthen the capability of the anti-money laundering eco-system to detect, disrupt and deter scams.
- In November 2023, the HKMA launched the FPS suspicious proxy ID alert mechanism to alert users of the associated fraud risks before conducting transactions using FPS proxy IDs, based on information in Scameter database.
- The HKMA has been enhancing public awareness of anti-fraud messages jointly with the banking industry and HKPF through different channels, including Anti-Scam Charity Run in December 2023 and social media posts between November 2023 and January 2024 on the latest fraud modus operandi and protection of key personal information.
- The HKMA will publish “The Digitalisation of AML/CFT Supervision: Where Now and What Next” on 1 February 2024 to illustrate how the HKMA transformed its risk-based AML supervision leveraging Supervisory Technology (Suptech) and data. The digital transformation delivered more proactive and collaborative AML supervision. It also recognises the deep inter-dependency between effective AML supervision and industry Regtech adoption.

## Resolution regime



- Continue to enhance resolvability of banks in Hong Kong through bilateral resolution planning programmes
- Executed a Memorandum of Understanding among Hong Kong resolution authorities (i.e. the Insurance Authority (IA), the Monetary Authority (MA) and the Securities and Futures Commission (SFC)) to strengthen and support effective cross-sectoral co-ordination

57

- The HKMA advances bilateral resolution planning programmes with banks in Hong Kong to enhance their resolvability. On financial resources, the HKMA continued to work with these banks on the build-up and maintenance of loss-absorbing capacity resources, and rolled out policy standards to strengthen their capabilities to project liquidity positions and mobilise collateral for meeting liquidity needs in resolution. On business continuity, the HKMA worked with banks to develop capabilities to support operational continuity; and also to update their securities, commodities and derivatives contracts and develop systems of control in order to address early termination risk in resolution.
- The HKMA continues to strengthen cross-sectoral coordination and resolution execution capabilities. The IA, the MA and the SFC entered into a Memorandum of Understanding (Resolution MoU) on 4 December 2023, which establishes a framework to strengthen and support effective co-operation and co-ordination among the Hong Kong resolution authorities. The Resolution MoU sets out the respective roles and functions of a lead resolution authority and a resolution authority, and establishes channels and arrangements for communication and exchange of information as permitted under the Financial Institutions (Resolution) Ordinance.

## Green and sustainable banking



- Conducted a consultation on a prototype of taxonomy framework
- Working to leverage on the Pillar 3 framework of the Basel Committee on Banking Supervision (BCBS) on climate-related financial risks to enhance disclosures
- Conducted a survey on banks' transition planning practices. Analysing the results with a view to issuing a range of practices to assist banks in maintaining safety and soundness in the transition to a net-zero economy

58

- Based on the comments received from an earlier consultation, we have been working with our consultant to summarise the consultation, fine-tune the taxonomy framework and identify priority areas for the next phase of development
- In November 2023, the BCBS issued a consultative document on its proposed Pillar 3 disclosure framework for climate-related financial risks that would complement the work of the International Sustainability Standards Board (ISSB). The HKMA will leverage on such Pillar 3 framework to enhance banks' disclosures about risks associated with climate issues.
- In August 2023, the HKMA issued a circular on planning for the net-zero transition, which set out high-level principles to assist banks in maintaining safety and soundness in the transition to a net-zero economy. To facilitate banks' transition planning, a survey was conducted in the fourth quarter of 2023 and we are currently analysing the responses collected, with a view to sharing with the industry a range of bank practices.

## **Talent development in banking sector**



### **Attract and nurture the younger generation to build talent pipeline**

- Introduced career prospects of the banking industry to over 1,200 secondary students and teachers in the Public Education Seminar conducted in December 2023

### **Reskill and upskill the existing workforce to keep pace with digital transformation and business development**

- Consulted the banking industry on the updated supervisory guidelines on talent development during December 2023 - January 2024 for implementation within 2024
- Plan to conduct Regulator's Dialogue in Q1 2024 to update banking directors and practitioners on the latest regulatory developments and provide a platform to facilitate discussion and exchange of views

## Financial inclusion



- More banks launched Simple Bank Accounts (SBA) to facilitate start-ups and small and medium-sized enterprises (SMEs)
- Dedicated hotline and mailbox are in effective operation

60

- To further facilitate start-ups and SMEs in accessing basic banking services, more banks launched SBA services. More than 20,000 SBAs have so far been successfully opened with eight banks in total.
- The HKMA's Account Opening and Maintenance dedicated team continues to maintain close communication with the banking industry and business community on bank account opening and maintenance, as well as follow up on related inquiries and feedback, with a view to ensuring that banks uphold the principles of treating customers fairly and enhance customer experience in providing banking services.

## Banking consumer protection



- Launched enhancements to the Code of Banking Practice
- Shared sound practices on consumer protection in respect of Digital Marketing Activities
- Multiple Credit Reference Agencies Model officially named “Credit Data Smart” and launched a pilot programme
- Moving forward the Cross-boundary Credit Referencing (CBCR) project

61

- The revised Code of Banking Practice was launched on 7 December 2023. The revisions further enhance consumer protection in digital banking services; empower customers on financial management; ensure fair treatment of customers; and continue the promotion of international good banking practices in Hong Kong.
- The HKMA completed a thematic review on digital marketing activities (including the use of third party digital platforms and social media influencers) for promoting general banking products (such as bank accounts, personal loans and credit cards) from consumer protection perspectives. A circular was issued on 20 December 2023 to remind banks to put in place proper consumer protection measures for conducting digital marketing activities and to share key observations and sound practices identified with the industry.
- The Multiple Credit Reference Agencies Model was officially named “Credit Data Smart”. A pilot programme under “Credit Data Smart” was launched in November 2023, where individual participants tried to obtain their consumer credit reports from the selected credit reference agencies (CRAs) for review of data accuracy and assessment of the overall service performance of the CRAs. The CRAs would officially offer the public with consumer credit reference services upon the completion of the pilot programme.
- In response to the Hong Kong banking industry’s demand, the HKMA has been working closely with the banking industry and Mainland authorities, with a view to promoting the cross-boundary exchange of credit information in the Greater Bay Area, so as to facilitate banks’ lending to companies; strengthen banks' credit risk management; facilitate SMEs to obtain financing; and support the real economy. The HKMA and PBoC have agreed to enter into a memorandum of understanding, in order to take forward the CBCR initiative, with the first step being the use of pilots to ensure test cases are carried out effectively and relevant risks are well controlled.

## Banking investor protection



- Issued guidance on sale of green and sustainable investment products
- Updated joint circular with SFC on intermediaries' virtual asset (VA)-related activities
- Consulted industry on standards in banks' provision of digital asset custodial services and distribution of tokenised products
- Commenced a new round of joint inspections with the Insurance Authority (IA) on premium financing activities
- Consulted industry on revised Supervisory Policy Manual module SB-1 "Supervision of Regulated Activities of SFC-Registered Authorized Institutions"

62

- In light of increasing demand for green and sustainable investment products and that some banks have started offering such products, after completing a thematic review, the HKMA issued a circular in November 2023 to set out expected standards and shared some good practices observed from the review (including product due diligence, disclosure, governance and controls, staff training and book-building activities) to mitigate potential greenwashing risk and strengthen investor confidence hence facilitating such business.
- The HKMA and the SFC updated the joint circular on intermediaries' VA-related activities in December 2023 to further extend retail access to other SFC-authorized VA funds (e.g. VA spot exchange-traded funds) and specify the regulatory requirements for investor protection.
- To support the sustainable development of the digital asset sector, the HKMA conducted industry consultations in October and November 2023 respectively on the guidance on supervisory standards for digital asset custodial services and the sale and distribution of tokenised products by banks.
- The HKMA and the IA commenced a new round of joint inspections on selected insurers and insurance intermediaries (including banks) regarding their premium financing activities, with a view to assessing the industry's compliance with the relevant regulatory requirements and identifying the latest industry practices.
- To improve banks' access to the HKMA's regulatory requirements, the HKMA consulted the industry on a substantially revised Supervisory Policy Manual module SB-1 "Supervision of Regulated Activities of SFC-Registered Authorized Institutions", which serves as a single document providing a comprehensive overview of the regulatory framework, supervisory approach, as well as major legal and regulatory requirements in respect of banks' securities business. The HKMA has taken into account the industry's comments and will issue the revised module SB-1.

## Public education and social media

- Conducted **festive promotion on anti-scam**, including disseminating messages on HKMA social media platforms and radio programme, and supporting the “West Kowloon CHILL RUN Winter Market Anti-Scam Charity Run 2023” organised by the Police, to further remind the public to beware of fraudulent links, not to sell or lend their accounts, and use the auto-fill function with caution, achieving synergy in anti-scam promotion
- During the festive season, the HKMA has launched the “**\$mart Experiential Centre**” in PMQ and two parenting workshops to further promote the “**\$mart Money Management 321**” Board Game, which won several international product design awards
- In November 2023, livestreamed **Global Financial Leaders’ Investment Summit** and **HKMA-BIS High-Level Conference** on the HKMA’s official YouTube and WeChat channels, attracting over 150,000 viewership





## **Enhancements to the Deposit Protection Scheme (DPS) in Hong Kong**



- The Hong Kong Deposit Protection Board (the Board) has completed the public consultation on DPS enhancements and will announce the consultation conclusions with the final package of policy recommendations in the near future
- The Board aims to submit an amendment bill to LegCo in the next few months, with a view to implementing the DPS enhancements between Q4 2024 and early 2025, subject to the progress on LegCo's scrutiny of the bill

## Deposit Protection Scheme (DPS)



- Completed a payout rehearsal in Q4 2023 to ensure the target of making DPS compensation to depositors within 7 days can be met
- Promoting the public understanding of the DPS:
  - Announced the findings of the sixth “Hongkongers’ Sense of Security on Savings” Survey at a media briefing in December 2023
  - Rolled out social media campaigns including “The DPS Post Box”, “The IG Stories” and “Family Interviews” to reach out to the younger generation
  - Participated in the 57<sup>th</sup> Hong Kong Brands and Products Expo to engage people from all walks of life, especially homemakers and elderly visitors with interactive educational games and distribution of DPS promotional giveaways





# Financial Infrastructure

## Financial infrastructure: overview



### Payment systems

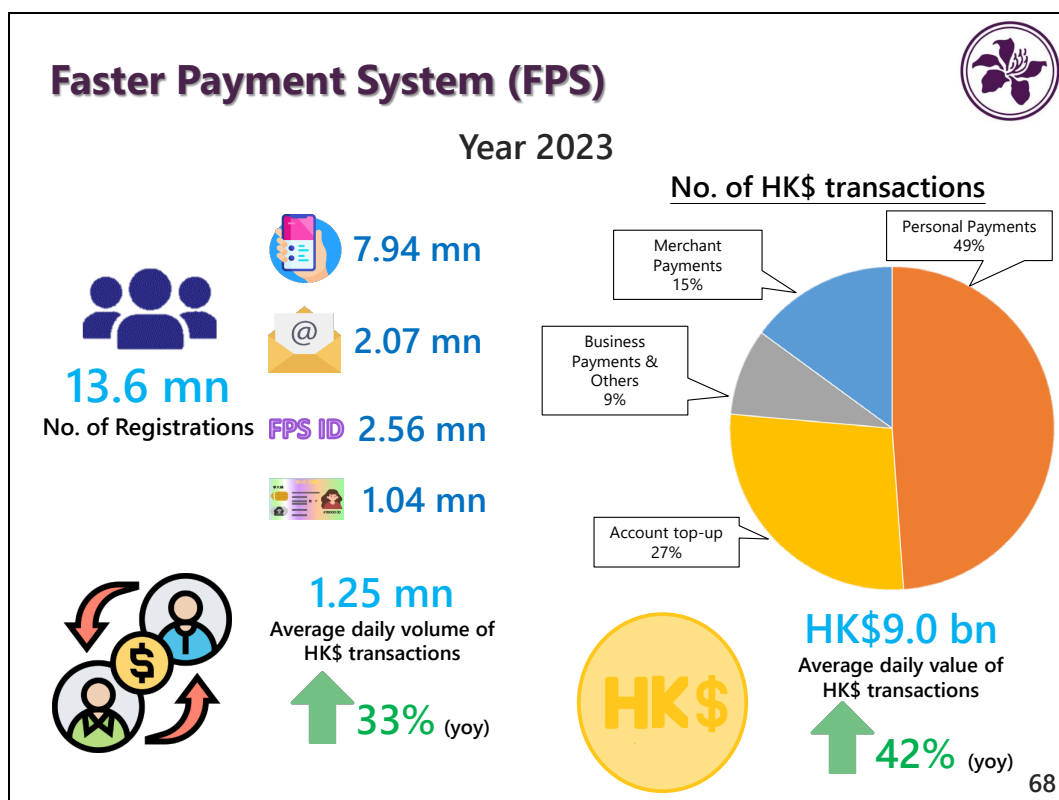
- Average daily turnover of Real Time Gross Settlement (RTGS) Systems in 2023 reached HK\$1,106 billion, RMB2,064 billion, US\$60 billion (record highs for these three) and €0.6 billion respectively
- Faster Payment System (FPS):
  - At the end of 2023, the number of registrations exceeded 13.6 million, up by 19% year on year. The average number of HKD real-time transactions per day reached 1.25 million (+33% yoy), worth HK\$9 billion (+42% yoy) in 2023
  - Launch of “FPS Suspicious Proxy ID Alert” and “FPS x PromptPay” Link

### Central Moneymarkets Unit (CMU)

- Providing settlement and custodian services for debt securities; by end-December 2023, around HK\$3 trillion equivalent outstanding debt securities were lodged with CMU
- Supporting Bond Connect (2023)
  - For Northbound Trading: settlement volume was RMB9.9 trillion
  - For Southbound Trading: settlement volume reached RMB503.8 billion

### Hong Kong Trade Repository: maintains an electronic database of over-the-counter (OTC) derivative transactions

- Collecting and providing OTC derivatives transactions information to regulatory authorities; by the end of 2023, the number of outstanding transactions reached 5.02 million



- As of the end of 2023, the FPS recorded 13.6 million registrations (including 7.94 million in mobile number, 2.07 million in email address, 2.56 million in FPS ID and 1.04 million in HKID number), up by 19% or 2.13 million registrations year on year (yoy). The average number of HKD real-time transactions per day reached 1.25 million (+33% yoy), worth HK\$9.0 billion (+42% yoy) in 2023.
- The usage of the FPS has expanded gradually to merchant payments and top-up transactions from primarily P2P transactions previously.

### Faster Payment System new services

- Launched the “FPS Suspicious Proxy ID Alert” in November 2023. This initiative aims to enhance the alert mechanism to users of the associated fraud risks before conducting transactions using FPS proxy IDs.
- Launched the “FPS x PromptPay” Link in December 2023. Through this linkage, travellers from Thailand and Hong Kong will be able to make retail payments by using their mobile payment applications to scan the Hong Kong FPS QR code and Thai PromptPay QR Code displayed by merchants respectively. This payment connectivity will provide travellers an additional safe and efficient payment channel, enhancing customer experience in retail payment and promoting economic development and business opportunities between the two regions.

## Development of Central Moneymarkets Unit (CMU)



- To help Hong Kong grasp the opportunities from the further opening up of the Mainland financial markets, the CMU has commenced enhancements on both system and business fronts, with a long-term objective of becoming a major international central securities depository (CSD) in Asia. Various system and service enhancements have been launched and planned:
  - Open application programming interface (Open API) and modernised user interface supporting various digitalised services were launched in July 2023
  - New platform with strengthened system capability and functionality is being developed
  - Ongoing marketing promotion and outreach activities to attract more bond issuance
  - Continued liaison with linkage CSDs to increase settlement efficiency

69

- As a critical financial infrastructure operated by the HKMA, the CMU is a CSD providing safe, efficient and convenient clearing, settlement and custodian services for debt securities, which in turn supports the bond market development in Hong Kong.
- To seize the opportunities from Bond Connect, the HKMA has reviewed the strategic position of the CMU and will gradually develop the CMU into a major international CSD in Asia. To realise such goal, the CMU will further commercialise its business and operation to develop value-added services in two main areas:
  - **System enhancement**
    - To launch a new CMU website to provide the industry and public with a quick and convenient means of searching for bond market information (launched in July 2022);
    - To launch a new tender display for the People’s Bank of China Bills and the Ministry of Finance of the People’s Republic of China sovereign bonds tender events (launched in October 2022);
    - To launch a new open API and a new user interface (with dashboard, e-lodgement and account management services) to provide CMU members with a more hassle-free experience (launched in July 2023); and
    - To introduce a new CMU system with a more flexible account structure and settlement mechanism, and enhanced collateral management function.

- **Introduction of new services**

- Collateralised lending service to provide free intra-day liquidity for primary issuance (launched on 1 April 2022). Since the introduction, the service has so far been used to support bond issuances amounting to RMB30.42 billion and €1.25 billion.
- The new CMU platform will support 24-hour operation to better serve investors in different time zones.

## Latest fintech initiatives



### Hong Kong FinTech Week 2023 (co-organised with InvestHK)

- The event attracted a record high of over 35,000 attendees and over 5.5 million online views from over 100 economies

### Central Bank Digital Currency (CBDC)

- For wholesale CBDC (mBridge): at the Minimum Viable Product (MVP) development phase; published a brochure highlighting the key achievements and future roadmap in October 2023
- For retail CBDC (e-HKD): paving the way for possible implementation of e-HKD by adopting a three-rail approach; established a CBDC Expert Group; published a report on the overall assessment of the pilots conducted under Phase 1 of the e-HKD Pilot Programme and the way forward in October 2023

### Commercial Data Interchange (CDI)

- Since its official launch, CDI has facilitated more than 13,000 loan applications and reviews, with an estimated credit approval amount exceeding HK\$11.7 billion as of end-December 2023
- The connection arrangement between CDI and the Government's Consented Data Exchange Gateway commenced operation in December 2023, with the Companies Registry becoming the first government data source of CDI via the connection; banks are conducting pilot trials in phases
- When more government departments share their digital data with financial institutions via the connection, the development of Hong Kong's digital economy will be greatly enhanced

70

## Hong Kong FinTech Week 2023

- The event was held from 30 October to 5 November 2023. It hosted over 800 distinguished speakers, more than 700 exhibitors and over 30 Mainland and international delegations.

## Wholesale CBDC (mBridge)

- mBridge has now progressed to MVP development phase with the goal of launching MVP in 2024 and paving the way for a production-ready system.

## Retail CBDC (e-HKD)

- The HKMA adopts a three-rail approach to prepare for the possible implementation of e-HKD:
  - Rail 1: to lay the technology and legal foundations
  - Rail 2: runs in parallel to Rail 1; to take deep dives on application research and pilots
  - Rail 3: to consolidate the outcomes of Rails 1 and 2 and set the timeline for launching e-HKD
- In May 2023, the HKMA announced the commencement of the e-HKD Pilot Programme, a key component of Rail 2. A total of 16 firms from the financial, payment and technology sectors were selected to participate in the first round of pilots for 2023, taking deep dives into potential use cases in six categories, including full-fledged payments, programmable payments, offline payments, tokenised deposits, settlement of Web3 transactions and settlement of tokenised assets. Working with the industry, the HKMA has completed Phase 1 of the e-HKD Pilot Programme and published a report on the overall assessment of the pilots and the way forward in October 2023.



- To foster collaboration and knowledge exchange on CBDC research with the academia, the HKMA established a CBDC Expert Group and signed Memorandums of Understanding with five local universities whose faculty members are participants of the group in October 2023. The group has already commenced work on two research papers. The first paper is about privacy issues pertaining to CBDC and the second paper will discuss the interoperability of CBDCs.

## **Stored value facilities (SVFs) and retail payment systems (RPSs)**



- SVF usage continued to grow in Q3 2023:
  - Average daily transaction number: 21.23 million (+3.7% year on year (yoy))
  - Average daily transaction value: HK\$1,835 million (+11.6% yoy)
- Continue to supervise SVF licensees in a risk-based manner, taking targeted supervisory actions where necessary
- Continue to oversee six designated RPSs

## **Regulatory development of the over-the-counter (OTC) derivatives market**

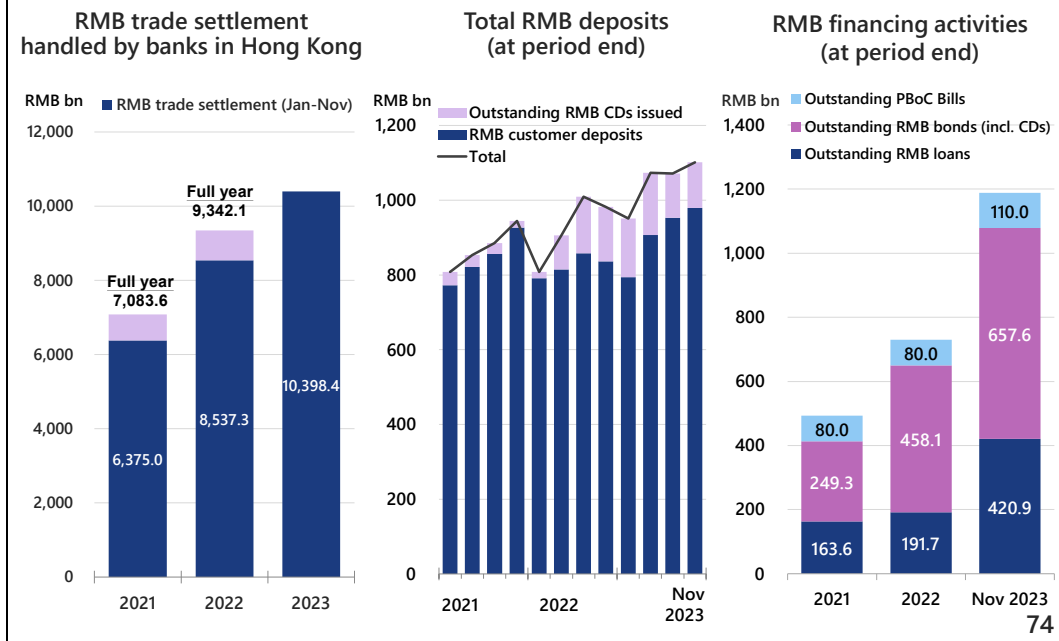


- The HKMA and the SFC jointly formulated a proposal for implementation of the updated international standards on OTC derivatives mandatory reporting published by the Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commission (IOSCO). Market consultation is expected to be published in H1 2024 with a view to implementing the updated international standards in Q3 2025
- As of end-December 2023, the Hong Kong Trade Repository logged a total of 5.02 million outstanding OTC derivatives trades, covering five asset classes under mandatory reporting requirements, i.e. foreign exchange, interest rate, equity, credit, and commodity derivatives



# **Hong Kong as an International Financial Centre**

## Hong Kong as offshore RMB business hub: Various business continued to grow



- In the first eleven months of 2023, renminbi (RMB) trade settlement handled by banks in Hong Kong totalled RMB10,398.4 billion.
- As at end-November 2023, RMB customer deposits and outstanding RMB certificates of deposit (CDs) amounted to RMB979.5 billion and RMB121.8 billion respectively, totalling RMB1,101.3 billion.
- As at end-November 2023, outstanding RMB loans amounted to RMB420.9 billion. Outstanding dim sum bonds (including CDs) amounted to RMB657.6 billion. Outstanding PBoC bills issued in Hong Kong amounted to RMB110.0 billion.

## Measures to strengthen financial collaboration between Hong Kong and the Mainland



- The HKMA and the People's Bank of China announced on 24 January 2024 six measures to deepen the financial collaboration between Hong Kong and the Mainland, strengthening Hong Kong's positions as IFC and leading offshore RMB business hub, and fostering closer connections within the GBA
  - Expanding the list of eligible collateral for the HKMA's RMB Liquidity Facility to include RMB bonds issued onshore by the Ministry of Finance and the policy banks in the Mainland\*;
  - Further opening up the onshore repo market to China Interbank Bond Market foreign institutional investors (including Bond Connect investors)
  - Releasing the amendments to the Implementation Arrangements for Cross-boundary Wealth Management Connect\*
  - Implementing facilitative measures on the remittances for property purchase by Hong Kong and Macao residents in the Mainland cities in the GBA\*
  - Promoting the collaboration on cross-boundary credit referencing to facilitate corporates' cross-boundary financing activities
  - Expanding the cross-boundary e-CNY pilots in Hong Kong

\* Effective on 26 February 2024

## Mutual market connect schemes



- Northbound Trading under Bond Connect remained active. In 2023, average daily turnover amounted to RMB40.1 billion (24% year-on-year growth). Southbound Trading has been in order, contributing to the growth in dim sum bond issuance and trading
- Northbound Trading of Swap Connect has been operating in an orderly manner, with 55 global investors onboarded

## Developing the asset and wealth management industry



- Hong Kong's private equity industry has remained robust, with US\$221 billion of total capital under management as at end-December 2023\*. The limited partnership fund regime continued to see momentum – 765 funds had been established as at end-December 2023
- To enhance Hong Kong's status as an international asset and wealth management hub, the HKMA is working with other Government agencies and financial regulators on various initiatives, including reviewing the existing tax concession measures applicable to funds and carried interest



## Developing the bond market



- Hong Kong is a leading bond issuance centre in Asia. According to the International Capital Market Association, Hong Kong has been, for seven consecutive years, the largest hub for arranging bonds issued internationally by Asia-based entities, capturing 30% of the market in 2022
- To promote market innovation and technology adoption, the HKMA assisted the Government to issue the **inaugural tokenised green bond** in February 2023, and released a report in August 2023 to share the experience learnt from this issuance with a view to providing a blueprint for future similar issuances in Hong Kong. The HKMA is assisting the Government on the next tokenised green bond issuance

## Promoting green finance (1)



- Total green and sustainable debt instruments issued in Hong Kong reached a record high of over US\$80 billion in 2022, up by over 40% year on year\*
- The Green and Sustainable Finance Cross-Agency Steering Group (CASG) co-chaired by the HKMA and the SFC continued work with a focus on ecosystem enhancement, transition finance, sustainability disclosures and green fintech. In particular,
  - The working group on sustainability disclosures is developing a roadmap on the appropriate adoption of the International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards in Hong Kong. The roadmap will comprise four key areas — sustainability reporting, assurance, data and technology, and capacity building.
  - Relevant agencies in the Steering Group continue to integrate transition considerations into policy work, and work with regional and international partners on capacity building
  - The CASG launched the Questionnaire on Climate and Environmental Risk for non-listed companies in December 2022 in collaboration with CDP# to enhance climate data availability and sustainability reporting in Hong Kong. Since the launch, ongoing work has been conducted to provide training and promote adoption, including five workshops held in 2H 2023 for companies and financial institutions. The CASG is developing a digital portal to facilitate the collection and sharing of data collected from this questionnaire

\* Source: HKMA staff estimates based on statistics from ICMA and LoanConnector

# CDP is an international non-profit organisation that runs the global environmental disclosure system for companies

79

- The CASG aims to coordinate the management of climate and environmental risks to the financial sector, accelerate the growth of green and sustainable finance in Hong Kong and support the Government's climate strategies. Other members include the Accounting and Financial Reporting Council, the Financial Services and the Treasury Bureau, the Environment and Ecology Bureau, the Hong Kong Exchanges and Clearing Limited, the Insurance Authority and the Mandatory Provident Fund Schemes Authority.

## Promoting green finance (2)



- The HKMA continues to administer and promote the Green and Sustainable Finance Grant Scheme to attract more green and sustainable financing activities to Hong Kong. The scheme has been well received by the market; by end-2023 it has provided financial support for over 340 green and sustainable debt instruments issued in Hong Kong totalling around US\$100 billion

80

- To attract more green and sustainable financing activities to Hong Kong, the Government launched a three-year Green and Sustainable Finance Grant Scheme in May 2021 to cover part of the expenses on bond issuance and external review services. The scheme also encourages more financial and professional service providers and external reviewers to set up their regional hubs in Hong Kong.

## Outreach



- The HKMA delegation visited the United Arab Emirates and Saudi Arabia in May and July 2023, respectively. Both visits have laid a solid foundation for long-term financial collaboration between Hong Kong and the Middle East. The central banks will maintain close communication and foster collaboration
- The Global Financial Leaders' Investment Summit 2023 was successfully held in early November 2023, attracting more than 300 leaders from the world's top financial institutions. The HKMA is actively preparing for Global Financial Leaders' Investment Summit 2024
- The HKMA and the Bank for International Settlements (BIS) co-organised the HKMA-BIS High-Level Conference on 27-28 November 2023 to commemorate the 30th anniversary of the HKMA and the 25th anniversary of the BIS Representative Office for Asia and the Pacific in Hong Kong. The Conference attracted over 300 delegates, including incumbent and former central bank governors, regional and local CEOs of financial institutions, and other leading experts from Hong Kong and other parts of Asia
- The HKMA plans to visit ASEAN countries this year, starting with Thailand, to meet with local central banks, financial institutions and corporates with a view to exploring new market opportunities for the development of Hong Kong as an international financial centre

## Crypto-assets and stablecoins



- On 31 January 2023, the HKMA issued the consultation conclusion to the discussion paper on crypto-assets and stablecoins. Taking into account the feedback received from the market and the public, and the ongoing engagement exercises with stakeholders, the HKMA will bring certain activities relating to stablecoins into the regulatory perimeter
- On 27 December 2023, the Financial Services and the Treasury Bureau and the HKMA jointly issued a public consultation paper to gather views on the legislative proposal to implement the regulatory regime for stablecoin issuers
- The HKMA will also introduce a sandbox arrangement for communicating supervisory expectations and guidance on compliance to entities interested in issuing stablecoins in Hong Kong, as well as obtaining their feedback to facilitating the subsequent implementation of the regulatory regime

## **Government Bond Programme**



### **Retail bonds – outstanding as at end-December 2023**

- One iBond, totalling HK\$20 billion
- Three Silver Bonds, totalling HK\$125.3 billion

### **Institutional bonds – outstanding as at end-December 2023**

- 16 institutional bonds, totalling HK\$98.5 billion
- One Islamic bond, totalling US\$1 billion

## Hong Kong Academy of Finance (AoF)



- **Financial Leadership Development:** A number of high-level seminars and major events were held, covering a broad range of subjects and drawing speakers and participants locally and from abroad
- **Financial Leaders Programme:** The 2023 Programme ran smoothly and 23 financial talents with a balanced mix of backgrounds and expertise graduated from the Programme in December 2023. Recruitment of 2024 cohort is underway
- **Research and Knowledge Exchange Activities:** The Hong Kong Institute for Monetary and Financial Research (HKIMR) released a research report on talent development. In addition, the HKIMR released five working papers and organised six research seminars, on monetary and financial research topics

84

### Financial Leadership Development

- The AoF organised a number of seminars under its Distinguished Speakers.
- The AoF co-organised with the HKMA and the SFC the “Conversations with Global Investors” seminar on 8 November 2023, as part of the Global Financial Leaders’ Investment Summit. About 300 overseas and local leaders from the financial, business, and public sectors attended the seminar and the event was broadcast live.
- On 8 December 2023, the AoF supported the Insurance Authority in organising a panel discussion on “How ESG/DEI Generates Business Value” under the Asian Insurance Forum.

### Financial Leaders Programme

- The AoF launched the Financial Leaders Programme in November 2021 to nurture financial talents from a mix of different backgrounds and expertise. The second year of the Programme began in April and lasted for nine months, ending in December 2023. It is offered on a part-time basis.
- 23 financial talents graduated from the 2023 Programme. The Programme received a lot of positive feedback from both the speakers and the participants. Apart from regular engagements with different distinguished financial leaders, the Programme has also organised an inaugural field trip to Shenzhen back in September 2023, with a theme centering around fintech. The participants appreciated that the Programme offered them high-level and strategic perspectives on various financial topics and trends, and in the meantime expanded their professional networks.
- The application of the 2024 Programme started on 15 November 2023 and ended on 17 December 2023. Selection of participants is underway.

### **Research and Knowledge Exchange Activities**

- A new applied research report titled “Advancing Talent Development in Financial Services: Emerging Global Trends and Their Impact on Hong Kong” was released by the HKIMR in December 2023.
- The HKIMR also released five working papers and organised six research seminars on monetary and financial research topics.





# Investment Environment and Performance of the Exchange Fund

85

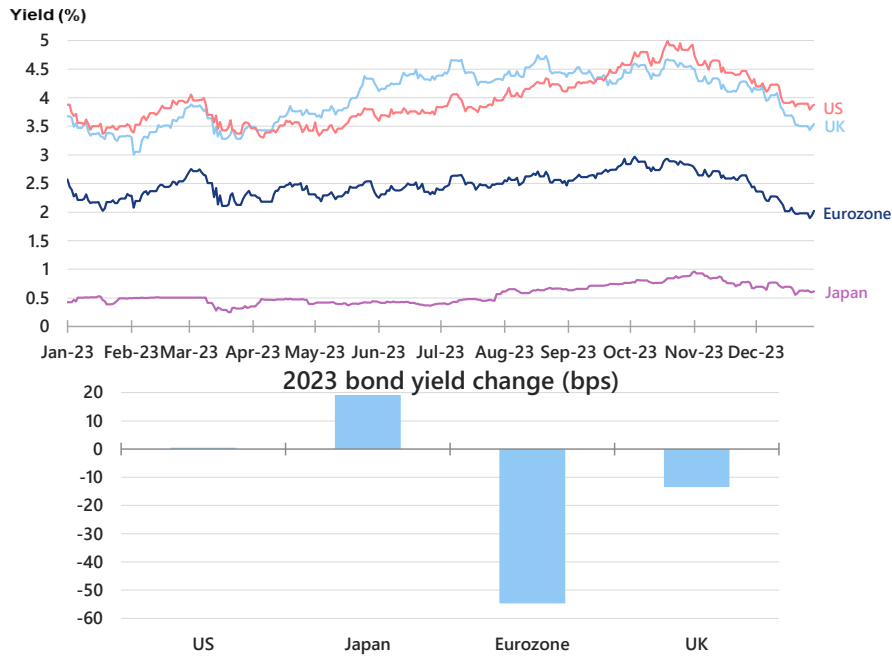


## Investment environment in 2023

- The investment environment in 2023 was challenging. While the levels of inflation in major economies declined, they remained above central banks' targets. US Fed paused interest rate hikes and indicated that the policy rate was likely at or near its peak. Coupled with a resilient US economy, investor sentiment turned more optimistic. However, geopolitical tensions continued to create uncertainties
- **Interest rates:** Yields remained high. The 10-year US Treasury yield surged above 5%, reaching its highest level since 2007. As market expectations on central banks' monetary policies shifted, bond yields retreated towards year end, alongside the gradual increase in bond prices
- **Equity markets:** Global equities were generally on an upward trend in 2023. The S&P 500 Index rose by 24% during the year, especially in Q4 as market began to anticipate sooner-than-expected rate cuts
- **Exchange rates:** US dollar recorded mixed performance against other major currencies, among which GBP and Euro appreciated against US dollar, while JPY and CNY depreciated

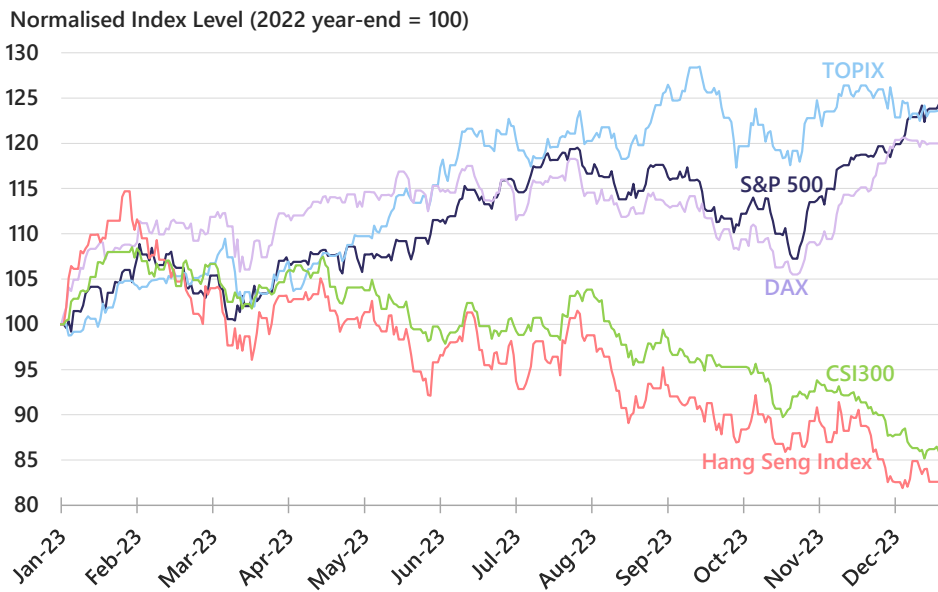
86

## Major 10-year sovereign bond yields remained high and declined moderately towards year-end



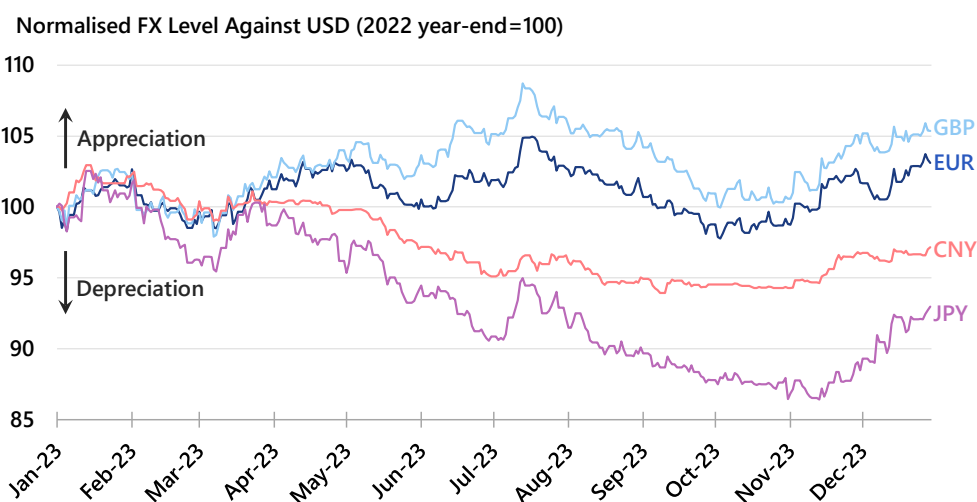
87

## Major equity markets rose sharply while Mainland and HK markets declined



88

## USD recorded mixed performance against major currencies



89

## Investment Income



	2023			2022	2021
	Full year	2H	1H	Full year	Full year
(HK\$ billion)					
<b>Bonds</b>	<b>144.0</b>	<b>86.0</b>	<b>58.0</b>	<b>(53.2)</b>	<b>12.6</b>
<b>Hong Kong equities*</b>	<b>(15.5)</b>	<b>(10.7)</b>	<b>(4.8)</b>	<b>(19.5)</b>	<b>(21.0)</b>
<b>Other equities</b>	<b>73.2</b>	<b>24.7</b>	<b>48.5</b>	<b>(61.0)</b>	<b>68.8</b>
<b>Foreign exchange<sup>#</sup></b>	<b>(0.5)</b>	<b>1.3</b>	<b>(1.8)</b>	<b>(40.0)</b>	<b>16.8</b>
<b>Other investments<sup>@</sup></b>	<b>11.5</b>	<b>(5.0)</b>	<b>16.5</b>	<b>(31.7)</b>	<b>114.7</b>
<b>Investment income/(loss)</b>	<b>212.7</b>	<b>96.3</b>	<b>116.4</b>	<b>(205.4)</b>	<b>191.9</b>

\* Excluding valuation changes of the Strategic Portfolio.

<sup>#</sup> This is primarily the effect of translating foreign currency assets into Hong Kong dollar after deducting the portion for currency hedging.

<sup>@</sup> Including valuation changes of private equity and real estate investments held under the Long-Term Growth Portfolio.

This figure reflects the valuations at the end of September 2023. Valuation changes of these investments from October to December are not yet available.

90

## Income and Expenditure



(HK\$ billion)	2023			2022	2021
	Full year	2H	1H	Full year	Full year
	(unaudited)				
<b>Investment income/(loss)</b>	<b>212.7</b>	<b>96.3</b>	<b>116.4</b>	<b>(205.4)</b>	<b>191.9</b>
Other income	0.2	0.1	0.1	0.2	0.2
Interest and other expenses	(54.4)	(30.7)	(23.7)	(18.8)	(6.1)
Net income/(loss)	158.5	65.7	92.8	(224.0)	186.0
Fee payment to Fiscal Reserves*#	(17.5)	(7.5)	(10.0)	(26.0)	(93.0)
Fee payment to HKSAR Government funds and statutory bodies*	(16.5)	(8.6)	(7.9)	(22.1)	(16.8)

\* The rate of fee payment is 3.7% for 2023, 5.6% for 2022 and 4.7% for 2021.

# This does not include the 2023 fee payment to the Future Fund because such amount will only be disclosed when the composite rate for 2023 is available.

The composite rate was -3.0% for 2022 and 17.8% for 2021. Fee (reversed from)/payable to the Future Fund was HK\$(9.0) billion for 2022 and HK\$58.6 billion for 2021.

91

## Exchange Fund Abridged Balance Sheet



(HK\$ billion)	At 31 Dec 2023 (unaudited)	At 31 Dec 2022	Change
<b>ASSETS</b>			
Deposits	344.8	368.8	(24.0)
Debt securities	2,799.7	2,773.3	26.4
Hong Kong equities*	125.0	150.4	(25.4)
Other equities	484.4	472.4	12.0
Other assets#	263.9	243.1	20.8
<b>Total assets</b>	<b>4,017.8</b>	<b>4,008.0</b>	<b>9.8</b>
	=====	=====	=====
<b>LIABILITIES AND EQUITY</b>			
Certificates of Indebtedness	593.2	606.0	(12.8)
Government-issued currency notes and coins in circulation	12.9	13.2	(0.3)
Balance of the banking system	44.9	96.2	(51.3)
Exchange Fund Bills and Notes issued	1,244.5	1,200.3	44.2
Placements by banks and other financial institutions	99.1	99.5	(0.4)
Placements by Fiscal Reserves®	695.4	765.2	(69.8)
Placements by HKSAR Government funds and statutory bodies	468.7	449.0	19.7
Placements by subsidiaries	31.2	30.6	0.6
Other liabilities	174.7	190.8	(16.1)
<b>Total liabilities</b>	<b>3,364.6</b>	<b>3,450.8</b>	<b>(86.2)</b>
Accumulated surplus	652.4	556.4	96.0
Revaluation reserve	0.8	0.8	-
<b>Total equity</b>	<b>653.2</b>	<b>557.2</b>	<b>96.0</b>
<b>Total liabilities and equity</b>	<b>4,017.8</b>	<b>4,008.0</b>	<b>9.8</b>
	=====	=====	=====

\* Including shares of the Hong Kong Exchanges and Clearing Limited in the Strategic Portfolio.

# Including fund injection to Exchange Fund's investment holding subsidiaries at a carrying amount of HK\$203.9 billion at 31 December 2023 (HK\$191.7 billion at 31 December 2022).

® Including placements by the Future Fund of HK\$299.4 billion at 31 December 2023 (HK\$255.2 billion at 31 December 2022).

92

## Historical Investment Income

(HK\$ billion)

Year	Full Year	Q4	Q3	Q2	Q1
2004	56.7	33.0	14.1	(7.2)	16.8
2005	37.8	7.3	19.0	13.6	(2.1)
2006	103.8	36.0	37.1	12.5	18.2
2007*	142.2	33.4	61.8	26.3	20.7
2008*	(75.0)	8.3	(48.3)	(20.4)	(14.6)
2009*#	107.7	10.6	71.9	58.7	(33.5)
2010*#	79.4	5.9	74.5	(12.1)	11.1
2011*#	27.1	22.1	(41.4)	21.6	24.8
2012*#	111.6	30.3	42.4	(5.6)	44.5
2013*#	81.2	30.7	54.7	(23.3)	19.1
2014*#	44.7	6.1	(17.8)	43.3	13.1
2015*#	(15.8)	21.0	(63.8)	18.7	8.3
2016*#	68.1	(23.3)	47.1	18.9	25.4
2017*#	264.0	66.0	61.8	71.3	64.9
2018*#	10.9	(33.6)	9.5	0.0	35.0
2019*#	262.2	60.3	23.5	45.0	133.4
2020*#	235.8	145.0	81.2	121.6	(112.0)
2021*#	191.9	48.2	4.0	88.4	51.3
2022*#	(205.4)	73.4	(113.4)	(116.6)	(48.8)
2023*# (unaudited)	212.7	106.8	(10.5)	8.4	108.0

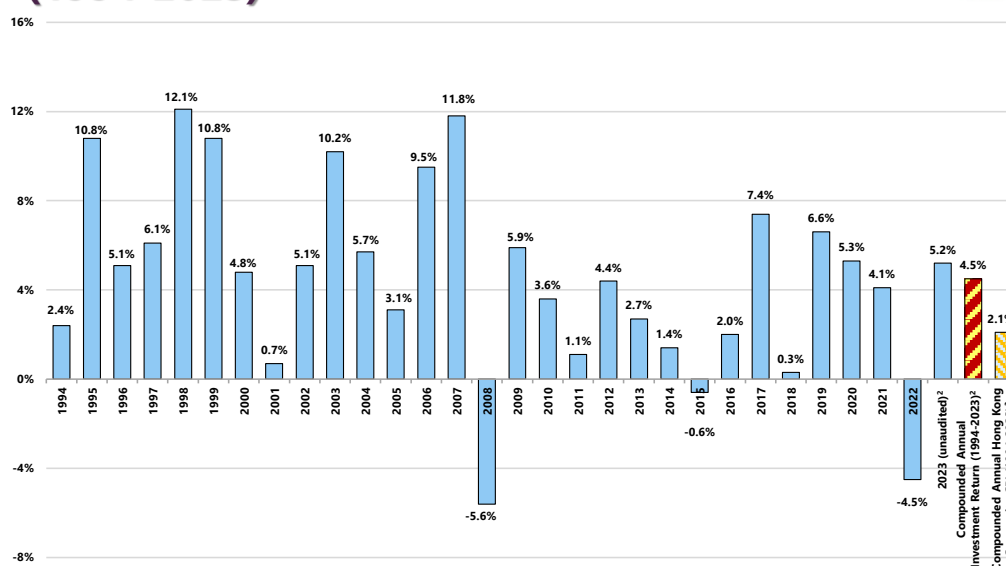
\* Excluding valuation changes of the Strategic Portfolio.

# Including valuation changes of private equity and real estate investments held under the LTGP.



93

## Investment Return of The Exchange Fund (1994-2023)<sup>1</sup>



<sup>1</sup> Investment return calculation excludes the holdings in the Strategic Portfolio.

<sup>2</sup> The return includes the performance of LTGP up to the end of September 2023. The audited full year return will be disclosed in the 2023 annual report.

<sup>3</sup> Composite CPI is calculated based on the 2019/2020-based series.



94



# The Hong Kong Mortgage Corporation Limited

95



## Mortgage Insurance Programme (MIP)

- In 2023, around 34,900 applications were approved, of which 328 were under the new coverage after the MIP revisions in July and September 2023. Over 90% of approved applications were from first-time homebuyers. In 2024, as of 15 January, around 800 applications were approved, of which 88 were under the new coverage after the two MIP revisions in 2023
- Special premium concession for properties valued up to HK\$15 million has been provided to first-time homebuyers, by waiving premium on insurance coverage for the mortgage loan portion not more than 5% above the maximum loan-to-value ratio for banks

96

## SME Financing Guarantee Scheme



- As of 15 January 2024, over 65,700 applications were approved under the Special 100% Loan Guarantee, amounting to about HK\$139.5 billion. The average loan amount per application was HK\$2.12 million, and the average approved loan amount per borrower was HK\$3.56 million. Over 45,800 applications have chosen the principal moratorium option
- As of 15 January 2024, around 36,400 applications were approved under the 80% and 90% Guarantee Products, amounting to about HK\$131.8 billion. Over 3,100 applications have chosen the principal moratorium option
- Partial principal repayment options are available under the scheme, enabling the eligible enterprises to gradually switch from principal moratorium to normal repayments

97

## Dedicated 100% Loan Guarantee Schemes



- The schemes for the cross-boundary passenger transport trade and the travel sector were launched on 29 April 2023 to support their business resumption. As of 15 January 2024, 207 applications were approved, amounting to about HK\$0.2 billion
- The scheme for battery electric taxis was launched on 4 September 2023 to encourage taxi owners to replace their existing taxis with battery electric taxis. The first two applications were approved in December of the same year

98

## Reverse Mortgage Programme



As of 15 January 2024, 7,015 applications had been received:

- Average age of borrowers: 68 years old
- Average monthly payout: HK\$17,300
- Payment terms: 10-year (21.8%); 15-year (14.3%); 20-year (12.0%); life (52.0%)
- Average property value: HK\$5.8 million
- Average property age: 31 years

99

## HKMC Annuity Limited



Provisional business results:

	Since launch	2022	2023
<b>No. of policies</b>	19,735	3,254	2,206
<b>Total premium amount</b> (HK\$ billion)	14.1	2.5	1.6
<b>Average premium amount</b> (HK\$)	714,000	777,000	728,000

100