

Highlights of 2011

Economic and Financial Environment

Economic growth momentum slows in 2011 with real GDP growth moderating to 5.0% amid an increasingly austere global environment.

The Hong Kong banking sector remains robust and well capitalised, with asset quality improving further.

Monetary Stability

The Hong Kong dollar exchange rate remains stable against the US dollar. The Government reiterates its full commitment to the Linked Exchange Rate system.

The money market activities are orderly with the Hong Kong dollar interest rates increasing slightly in the second half of the year.

Banking Stability

The HKMA further strengthens the credit risk management of banks through supervisory actions, introducing the fourth round of countercyclical measures on property mortgage loans and implementing positive mortgage data sharing.

The enhanced Deposit Protection Scheme comes into operation on 1 January upon the expiry of the Government's Full Deposit Guarantee.

International Financial Centre

Hong Kong achieves remarkable progress in its development as the premier offshore renminbi business centre.

The HKMA accelerates the enhancement of the renminbi RTGS system to support further expansion of renminbi market activities in Hong Kong.

The HKMA continues its efforts in developing an implementation framework on regulation for over-the-counter derivatives, including the launch of a local trade repository.

Reserves Management

The Exchange Fund records an investment income of \$27.1 billion, a return of 1.1%.

Total assets of the Exchange Fund reach \$2,488.0 billion at the end of 2011.