



HONG KONG MONETARY AUTHORITY  
香港金融管理局

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

**2 February 2026**

### **Hong Kong Monetary Authority**



- The Hong Kong Monetary Authority (HKMA)'s main functions are:
  - Maintaining currency stability within the framework of the Linked Exchange Rate System
  - Promoting the stability and integrity of the financial system, including the banking system
  - Helping to maintain Hong Kong's status as an international financial centre, including the maintenance and development of Hong Kong's financial infrastructure
  - Managing the Exchange Fund



## **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

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## **Financial and Economic Environment**

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## Global economic growth forecasts



### Real GDP Growth

(% year-on-year)

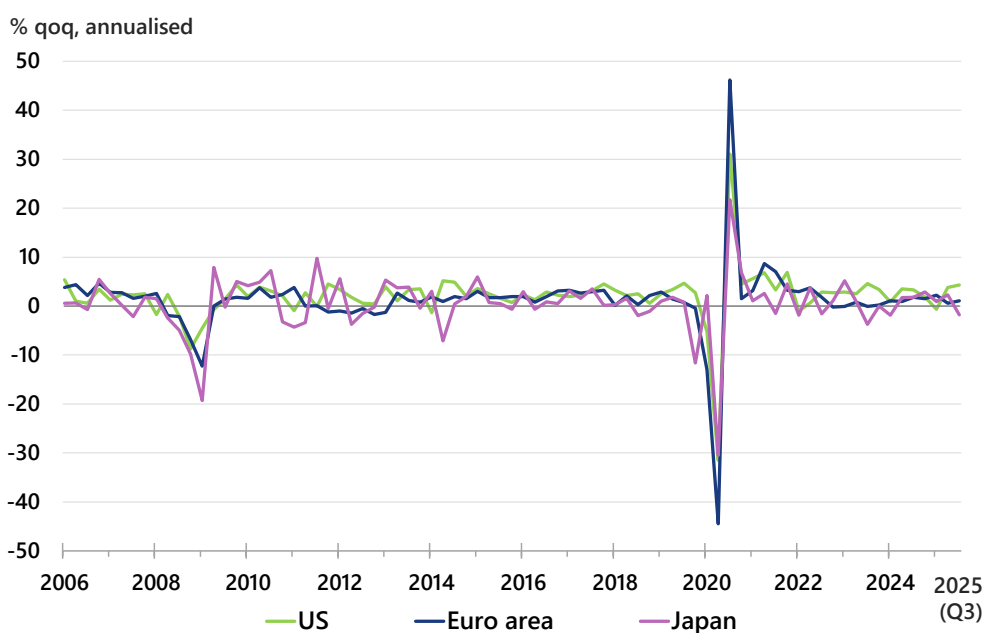
	2024	2025 Forecasts	2026 Forecasts
US	2.8	2.2	2.4
Euro area	0.9	1.4	1.1
Japan	-0.2	1.2	0.8
Asia (ex-Japan)	4.9	4.9	4.5
Chinese Mainland	5.0	4.9	4.6
Hong Kong	2.5	3.2 <sup>(*)</sup>	N.A.

(\*) Latest forecast by the HKSAR Government on 14 November 2025.

Sources: January 2026 Consensus Forecasts and the Office of the Government Economist, HKSAR

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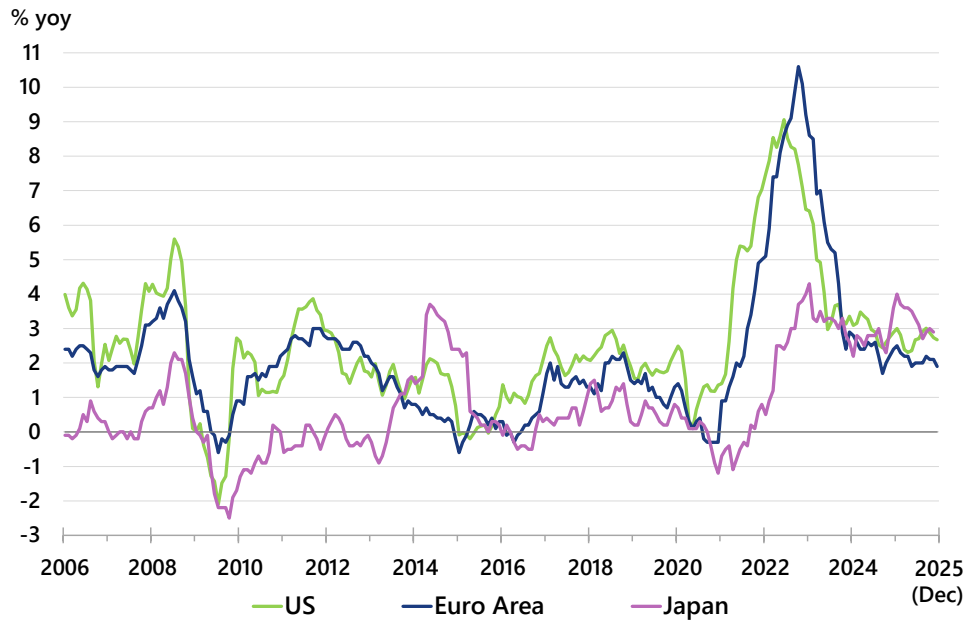
## Real GDP growth in major economies



Source: CEIC

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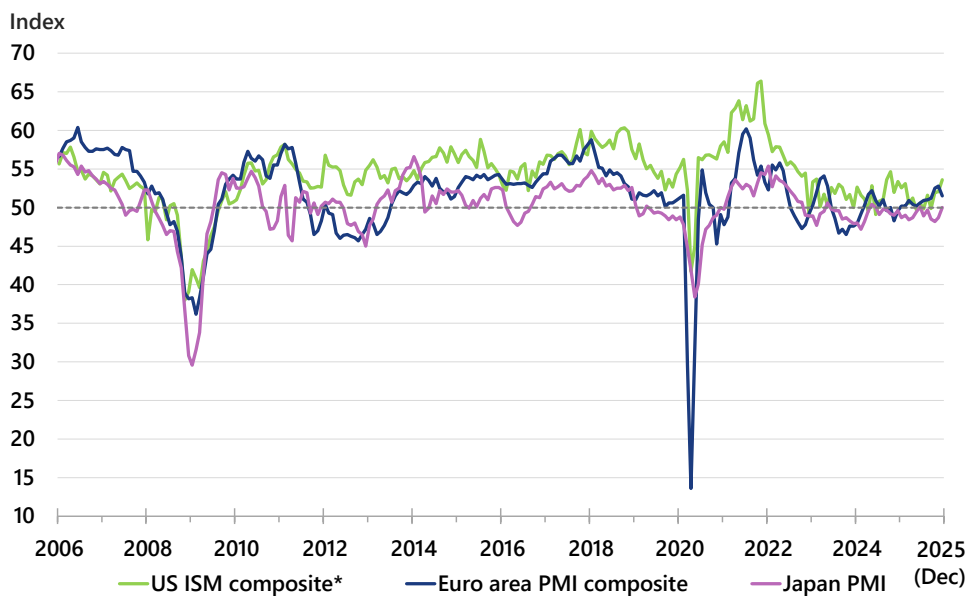
## Headline inflation in major economies



Source: CEIC

7

## Purchasing Managers' Index in major economies

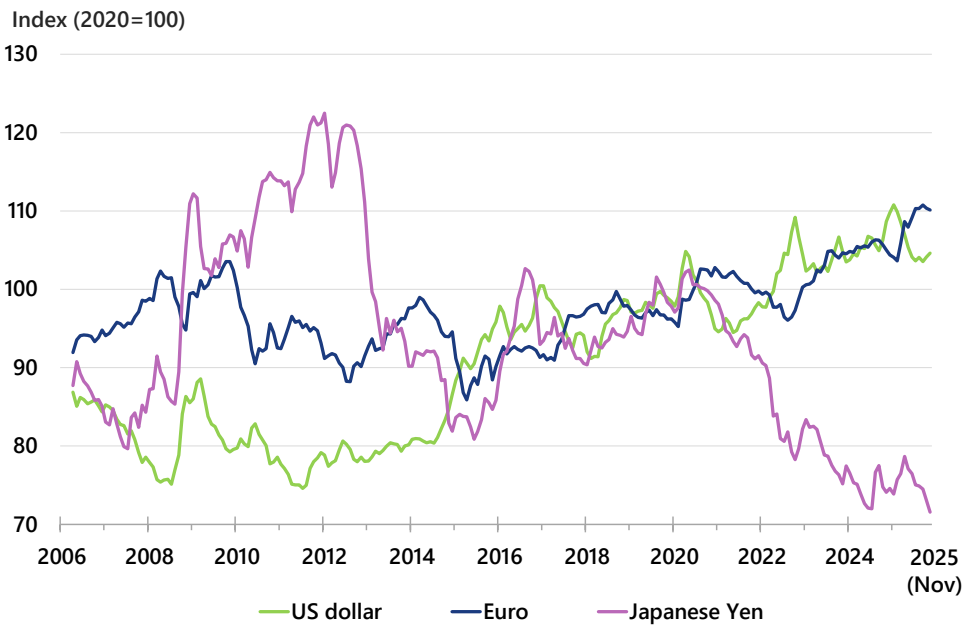


\* Weighted average of the ISM Manufacturing and Services PMIs

Source: CEIC

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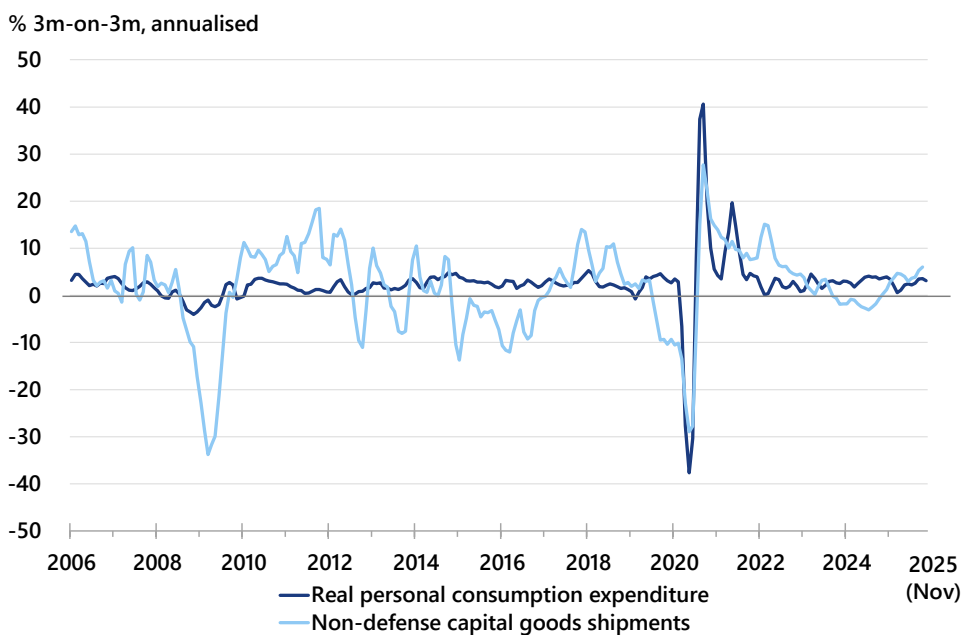
## Nominal effective exchange rate index of major currencies



Source: CEIC

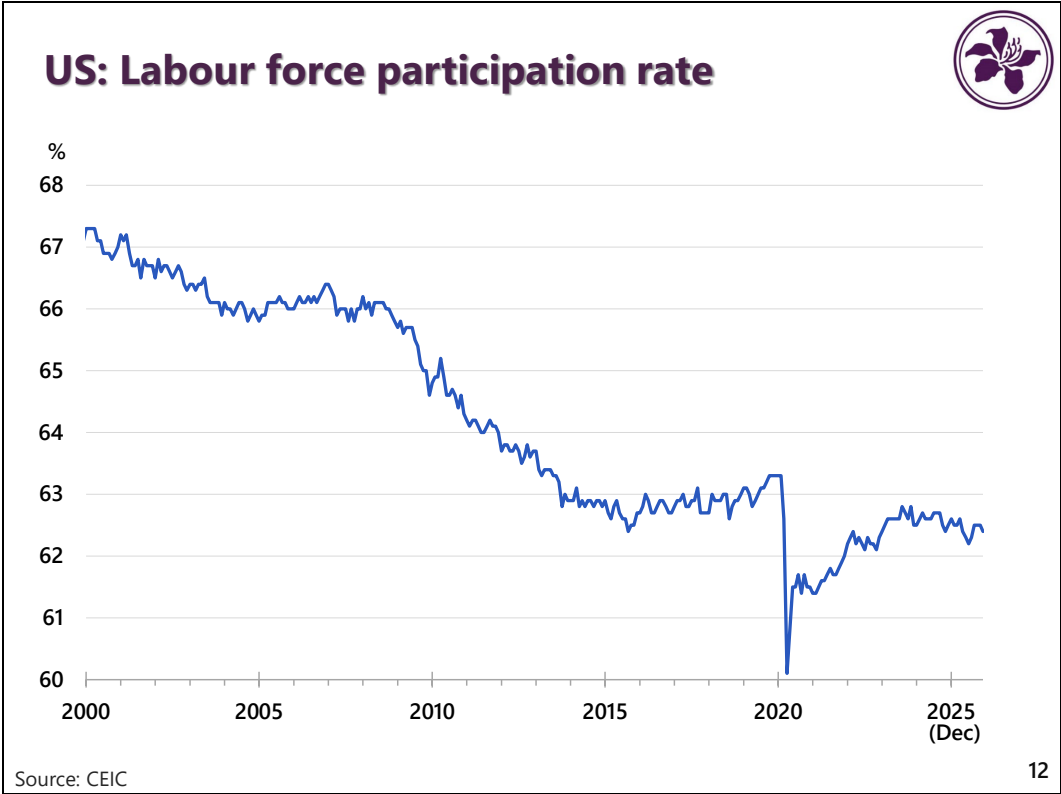
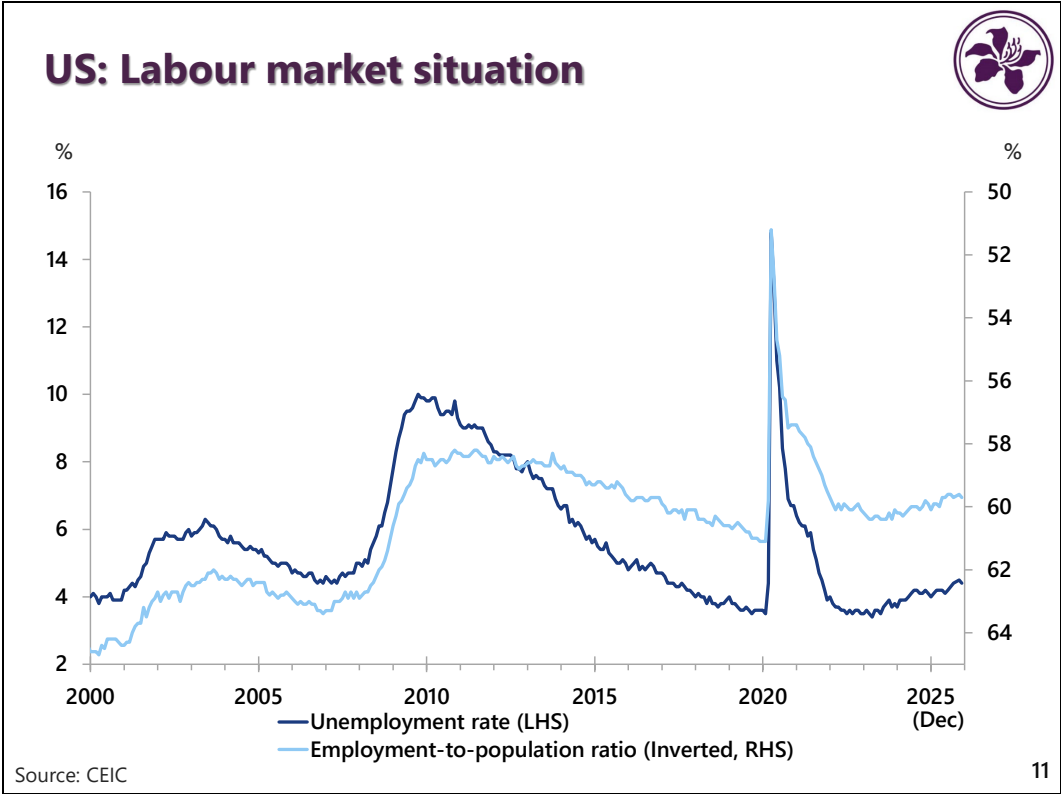
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## US: Consumption growth and business investment activity



Source: CEIC

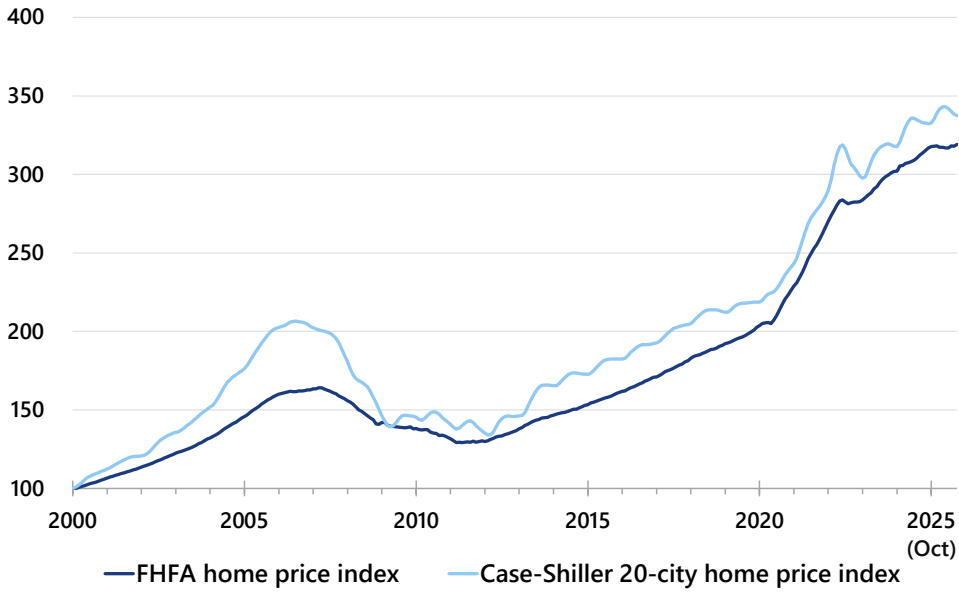
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# US: Home prices



Index (Jan 2000=100)



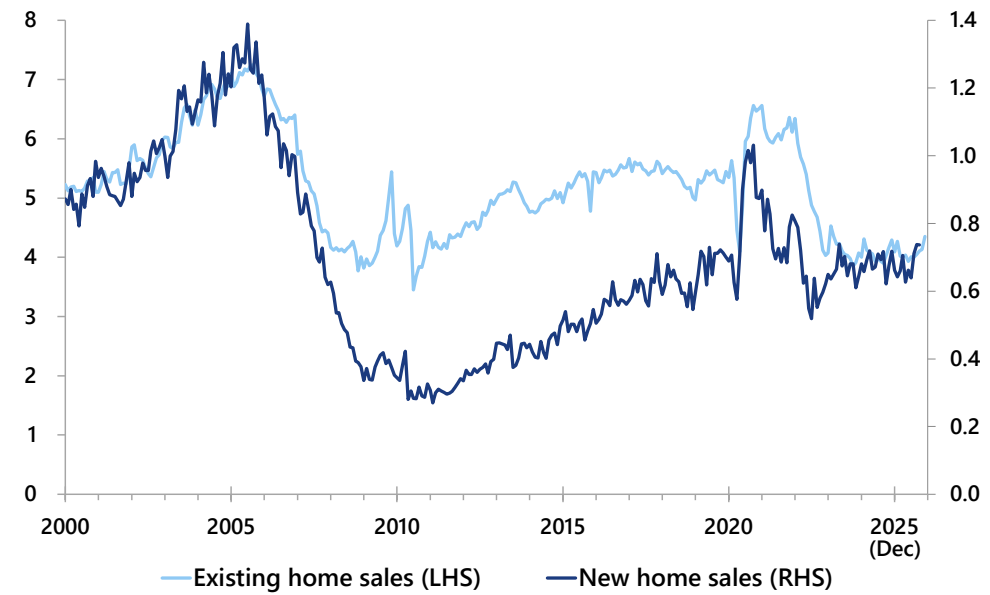
Sources: CEIC and S&P

# US: Home sales



Millions unit, annualised

Millions unit, annualised

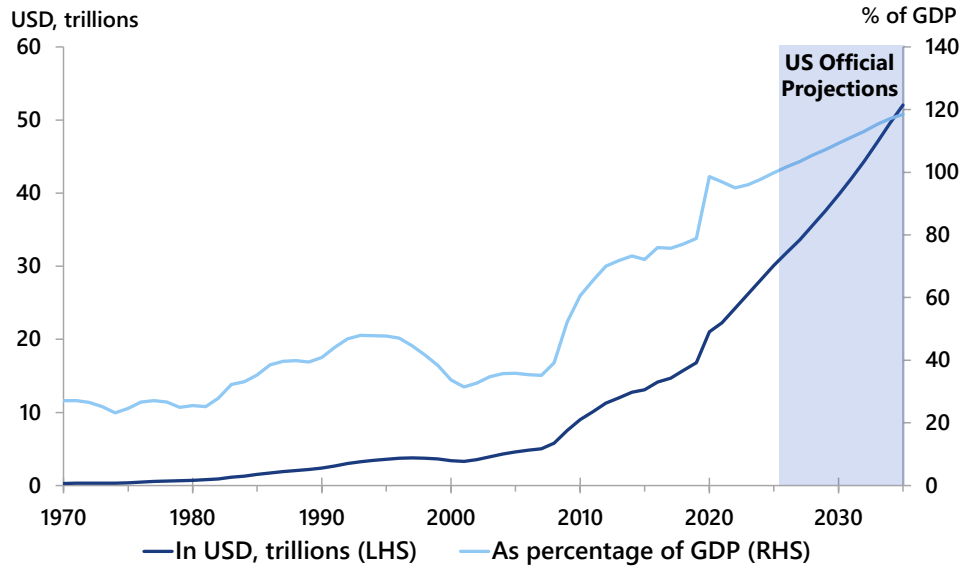


Sources: CEIC and National Association of Realtors

## US: Federal government debt



### US federal debt held by the public



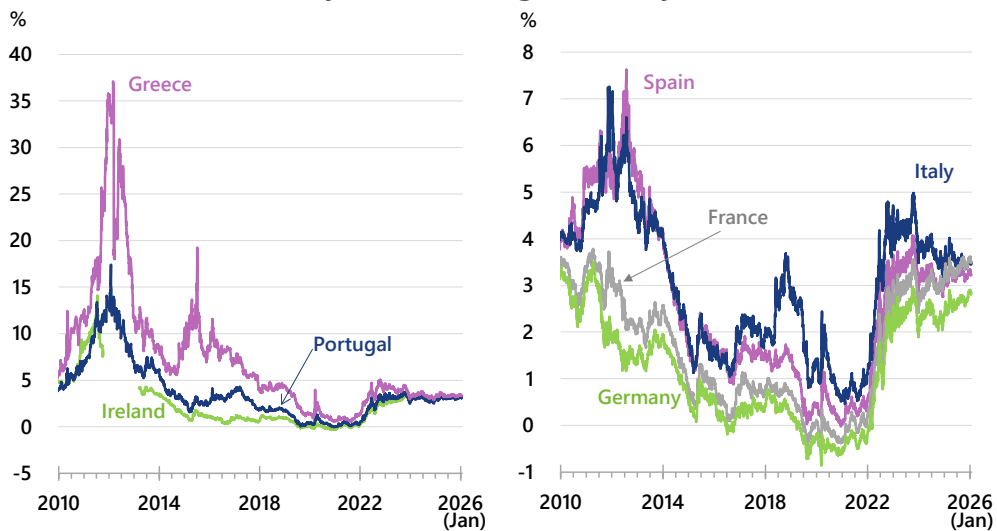
Sources: CEIC and Congressional Budget Office

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## Euro area: Sovereign bond yields



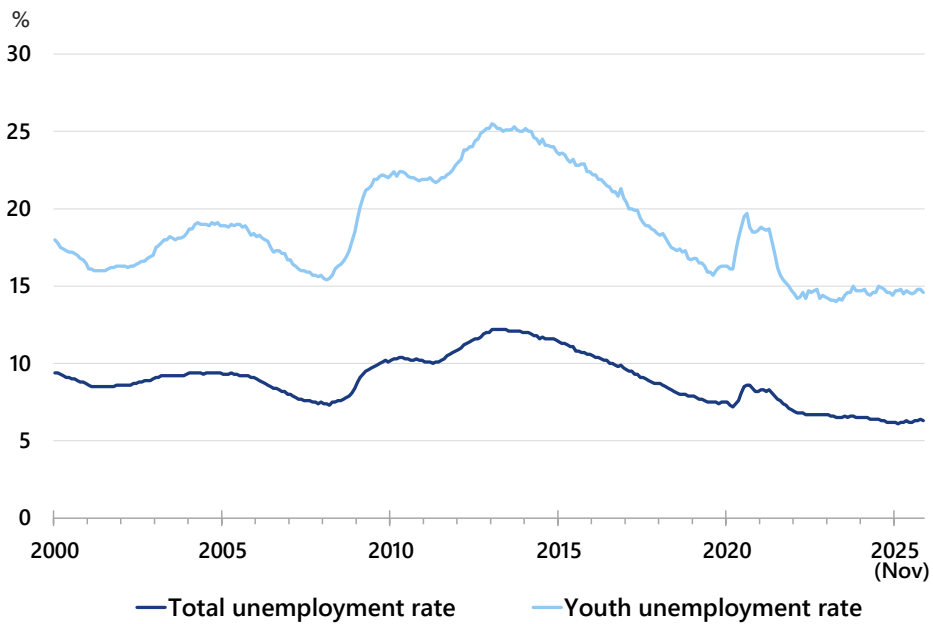
### 10-year sovereign bond yields



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

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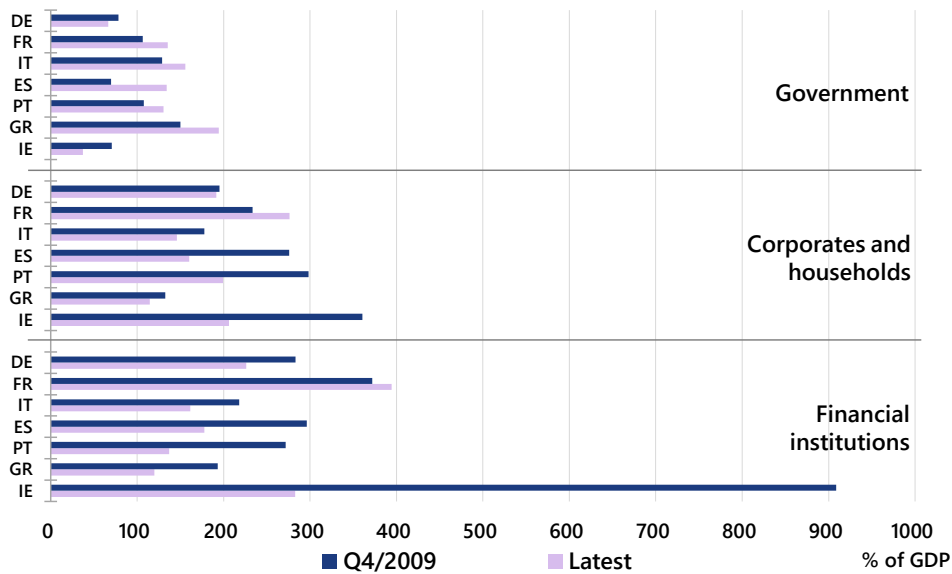
## Euro area: Unemployment rate



Source: CEIC

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## Euro area: Overall indebtedness

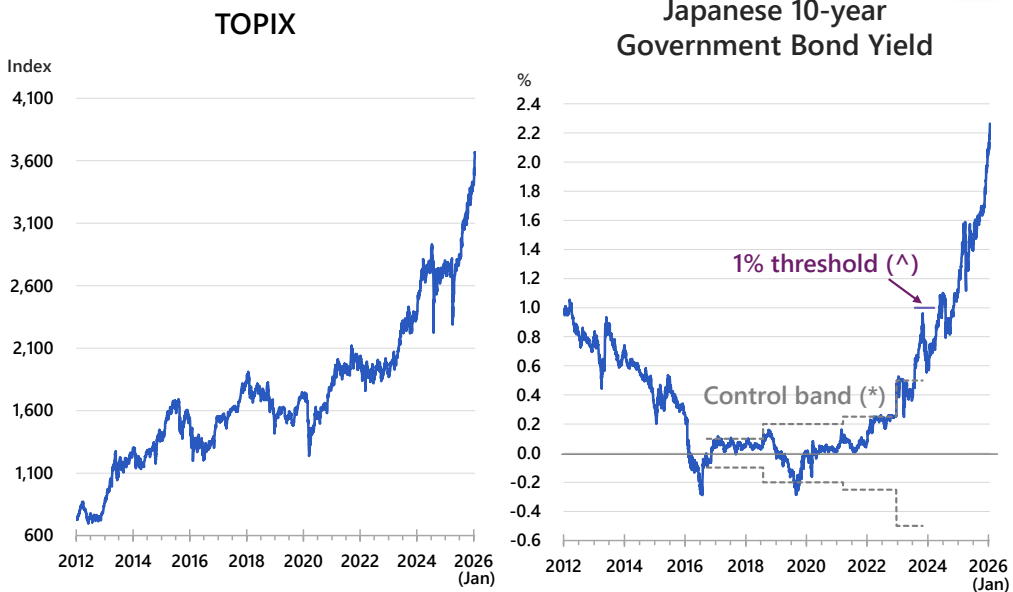


Note: DE – Germany, FR – France, IT – Italy, ES – Spain, PT – Portugal, GR – Greece, IE – Ireland  
The latest figures are up to Q3/2025.

Source: European Central Bank

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## Japan: Financial markets



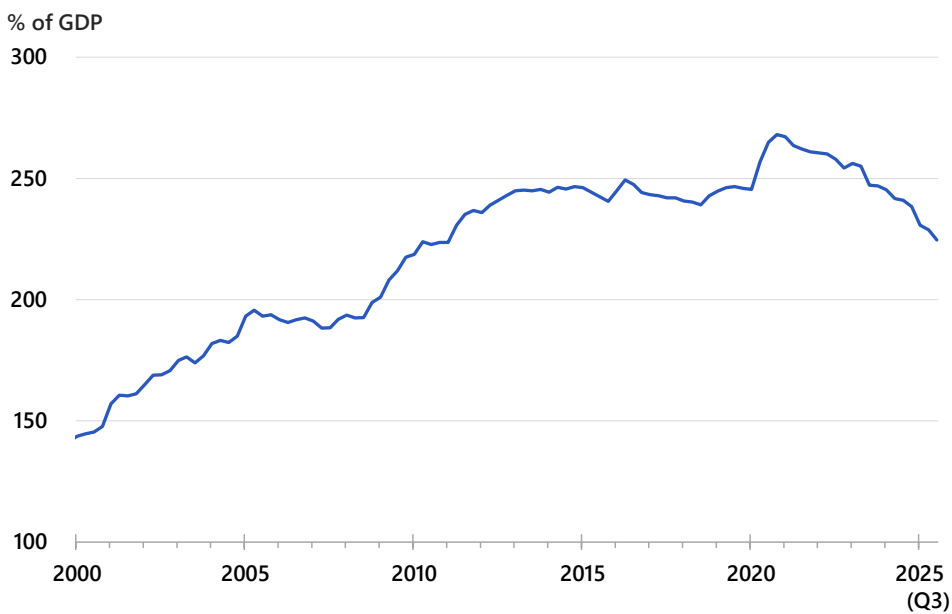
(\*) The control band for Japanese 10-year government bond yield was -0.5% to 0.5% until 28 July 2023

(^) As a cap between end-July and end-October 2023; as a reference upper bound between November 2023 and 18 March 2024; abandoned on 19 March 2024

Source: Bloomberg

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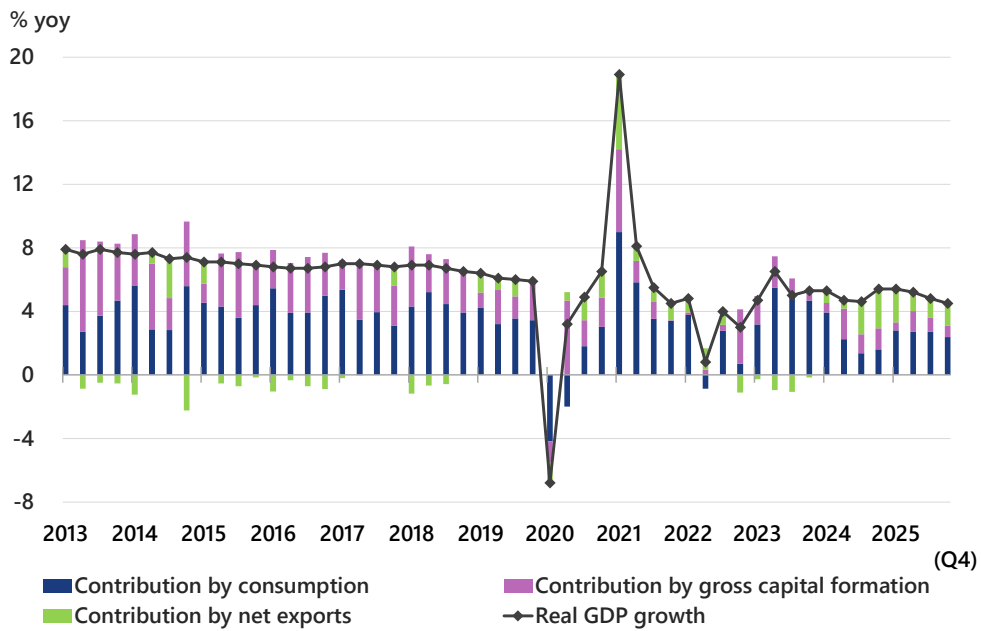
## Japan: Public debt



Sources: Bank of Japan and CEIC

20

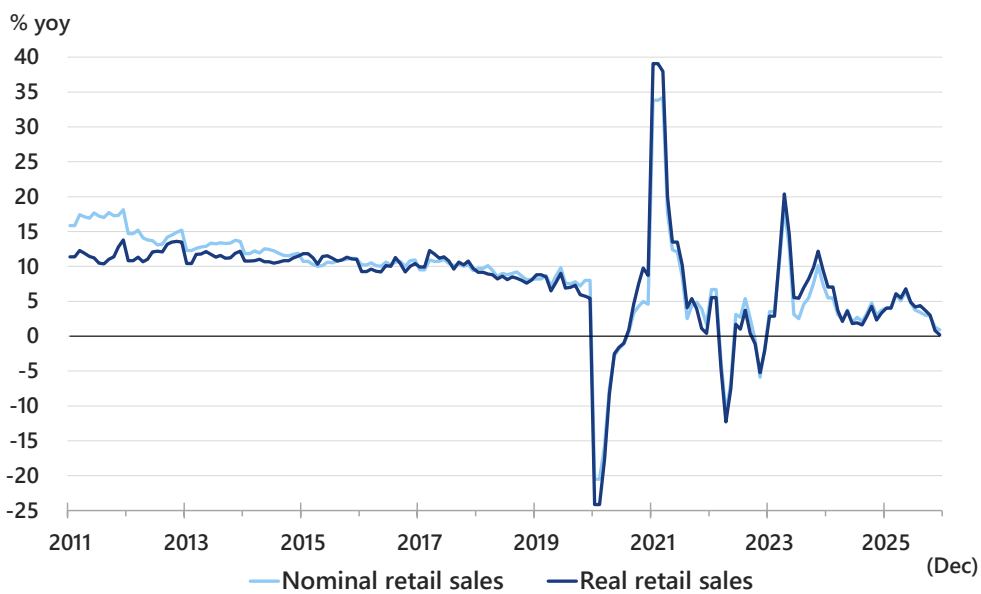
## Chinese Mainland: Real GDP growth



Source: CEIC

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## Chinese Mainland: Retail sales



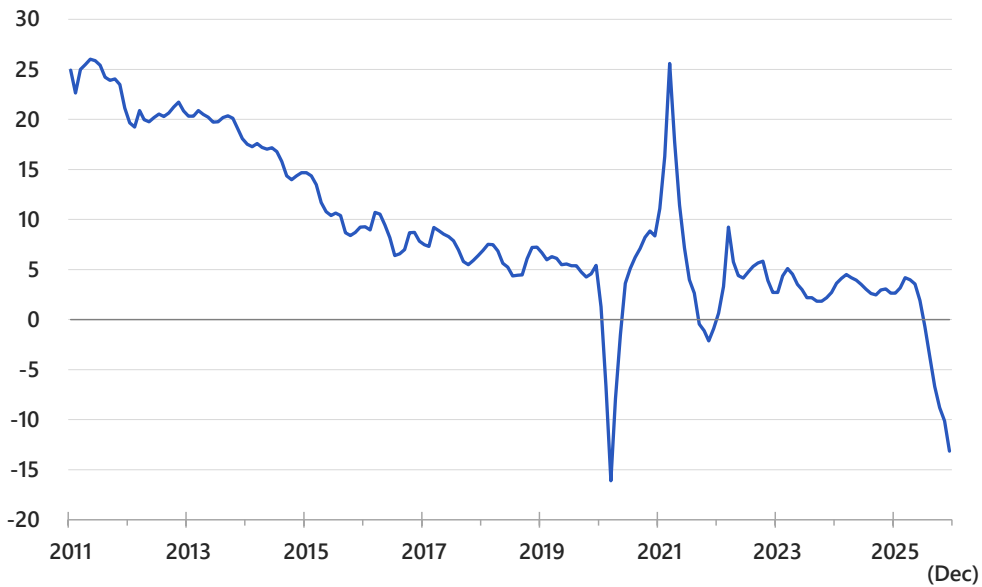
Note: January and February figures are the average year-on-year growth for the first two months of the year.  
Sources: WIND and HKMA staff estimates

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## Chinese Mainland: Fixed asset investment



% yoy (3m moving average)



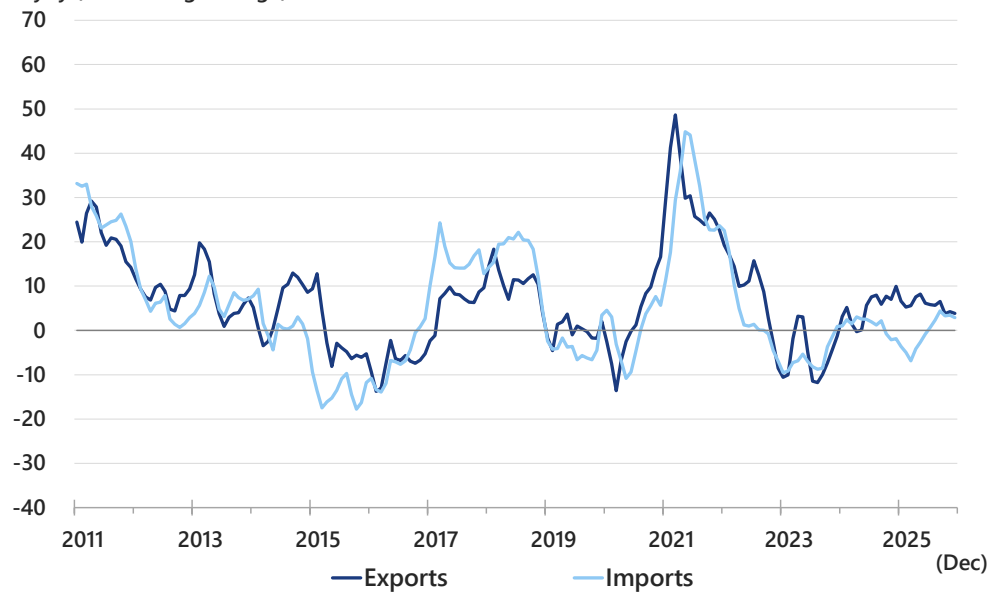
Sources: CEIC and HKMA staff estimates

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## Chinese Mainland: Import and export growth



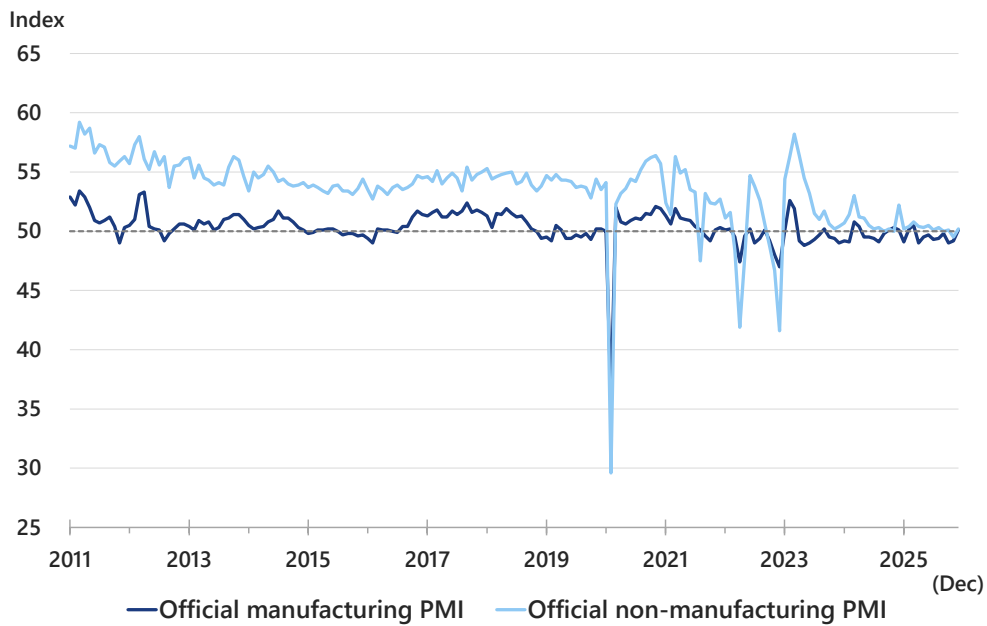
% yoy (3m moving average)



Sources: CEIC and HKMA staff estimates

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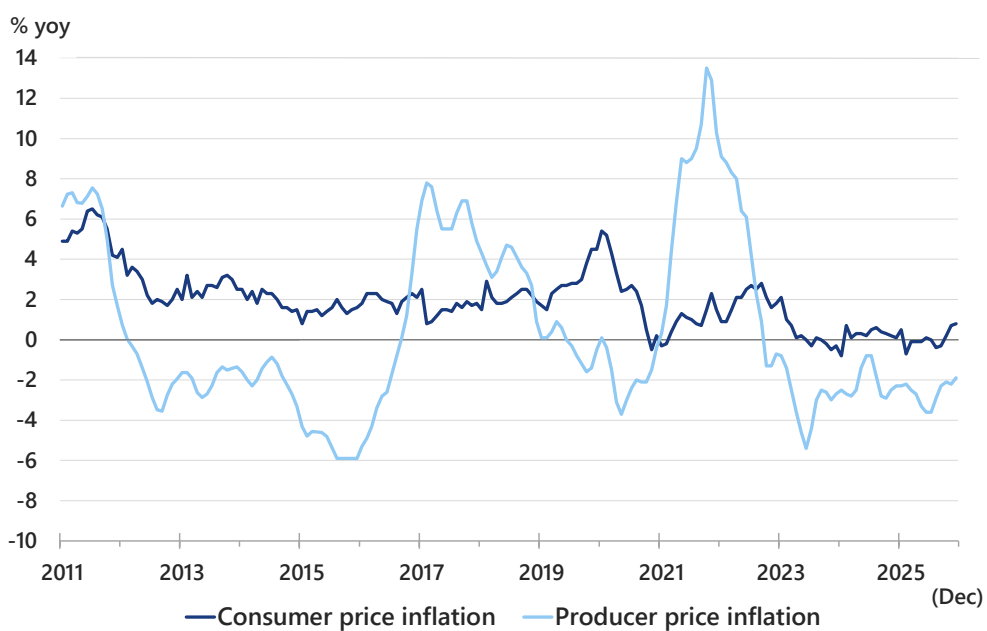
## Chinese Mainland: Purchasing Managers' Index



Source: CEIC

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## Chinese Mainland: Inflation



Source: CEIC

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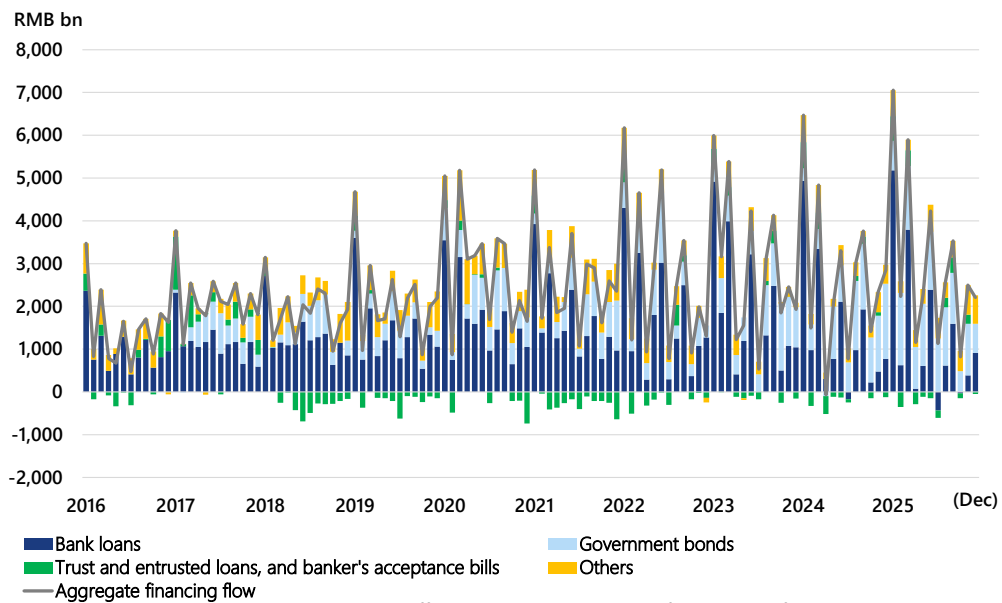
## Chinese Mainland: Money and loan growth



Source: CEIC

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## Chinese Mainland: Aggregate financing flow

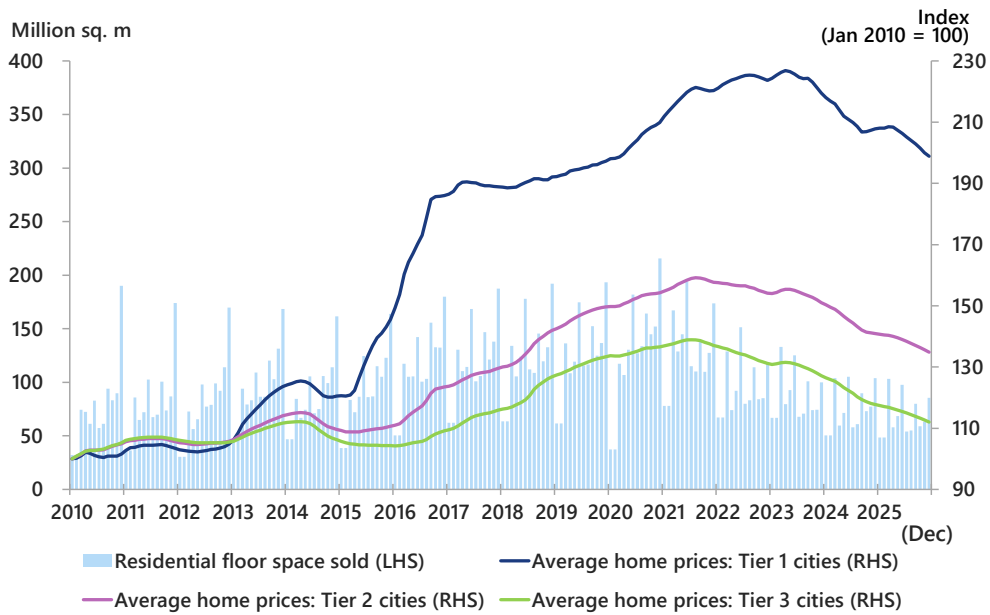


Note: "Others" primarily include loans written off, asset-backed securities of depository financial institutions, and corporate bonds & equity financing.

Sources: CEIC and HKMA staff estimates

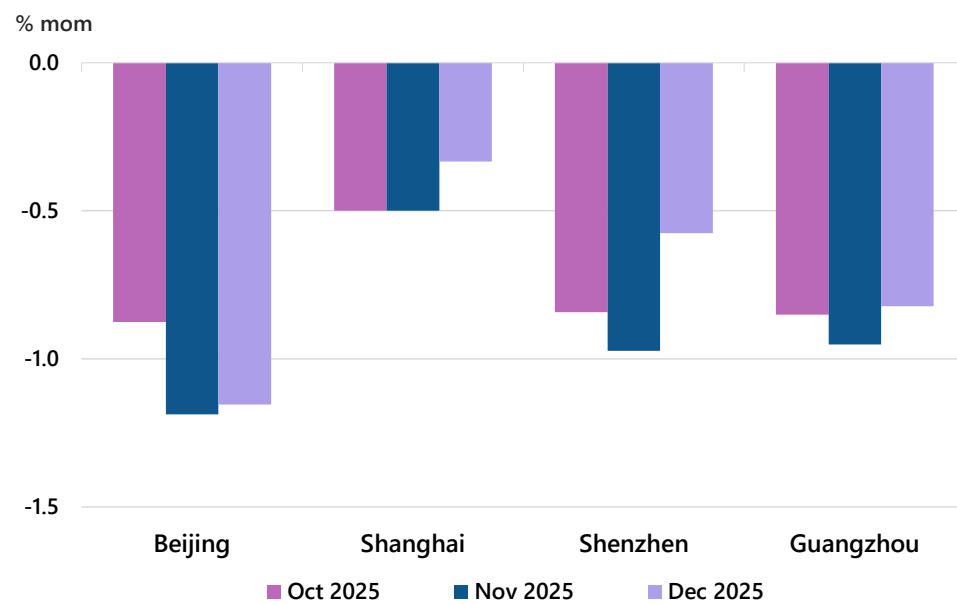
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## Chinese Mainland: Property prices and transaction volumes



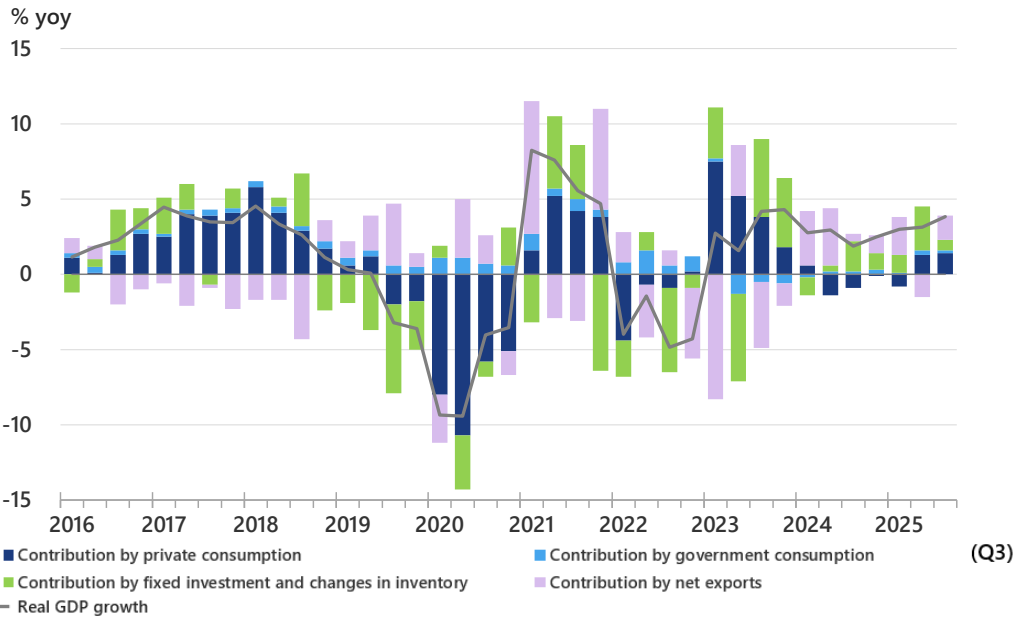
Sources: CEIC and HKMA staff estimates

## Chinese Mainland: Housing price changes in major cities



Sources: CEIC, WIND and HKMA staff estimates

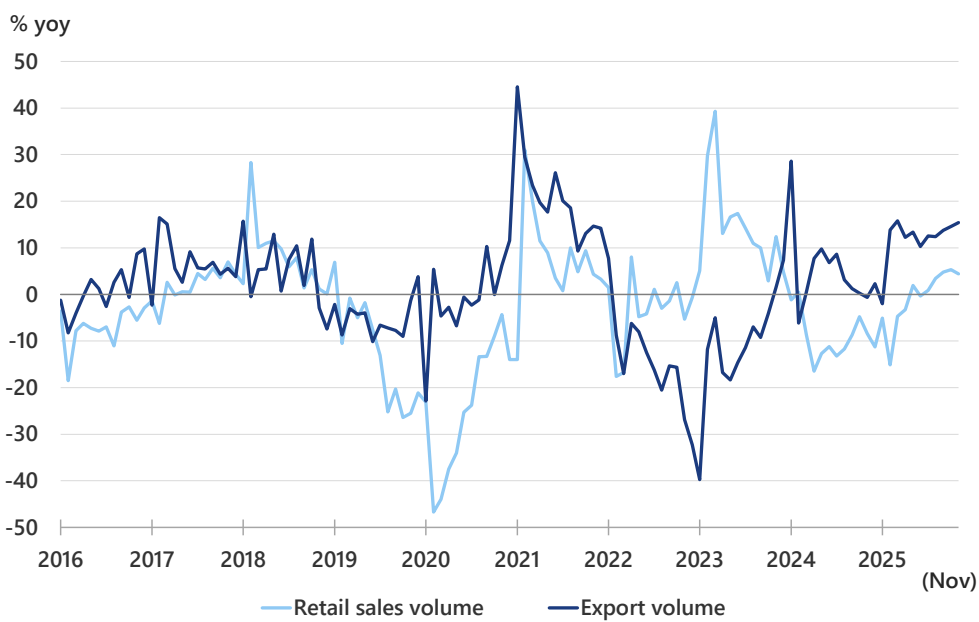
## Hong Kong: Real GDP growth



Source: Census and Statistics Department (C&SD)

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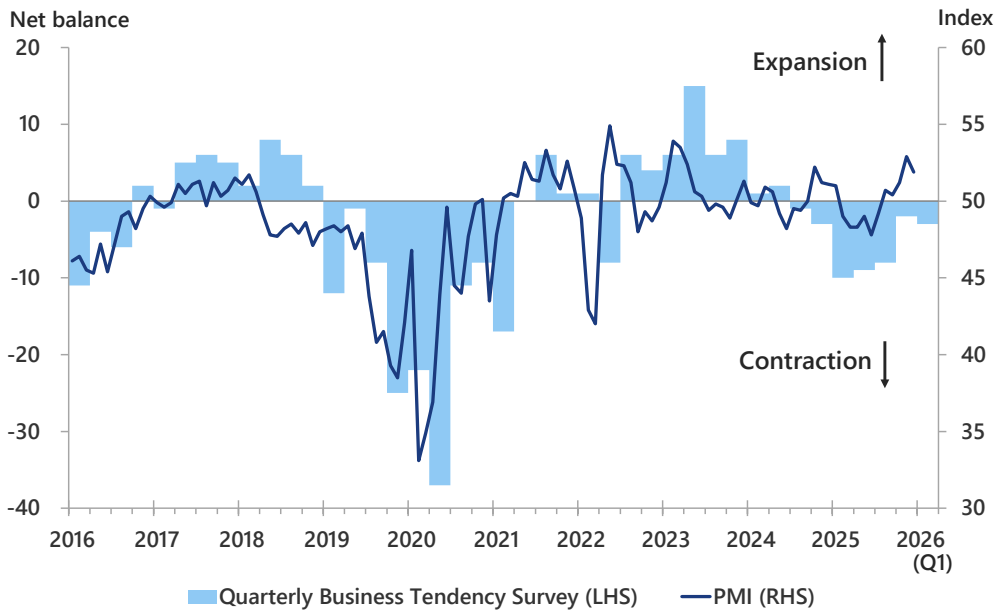
## Hong Kong: Economic activity



Source: C&SD

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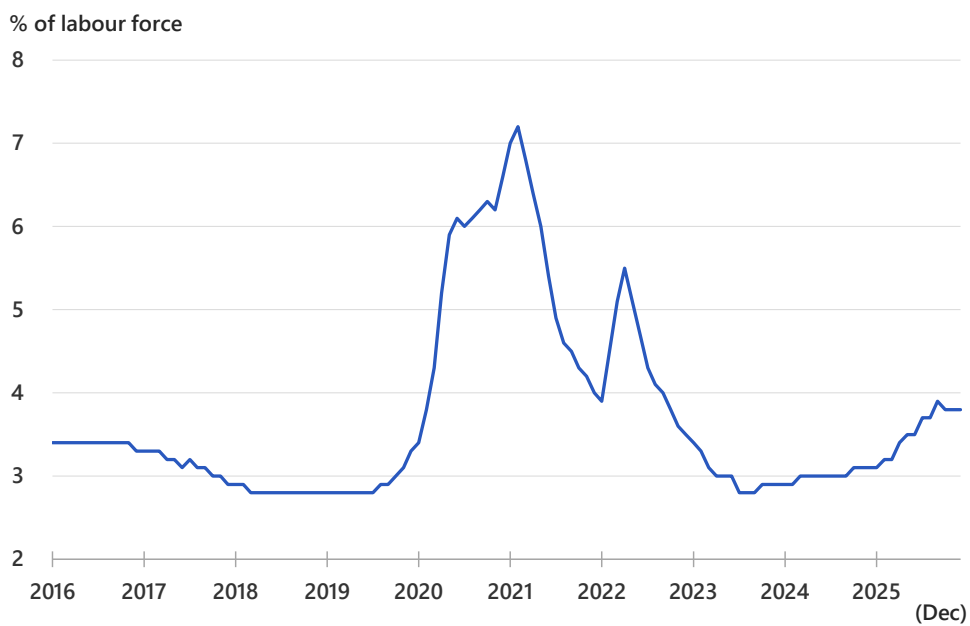
## Hong Kong: Business outlook



Sources: C&SD and S&P Global

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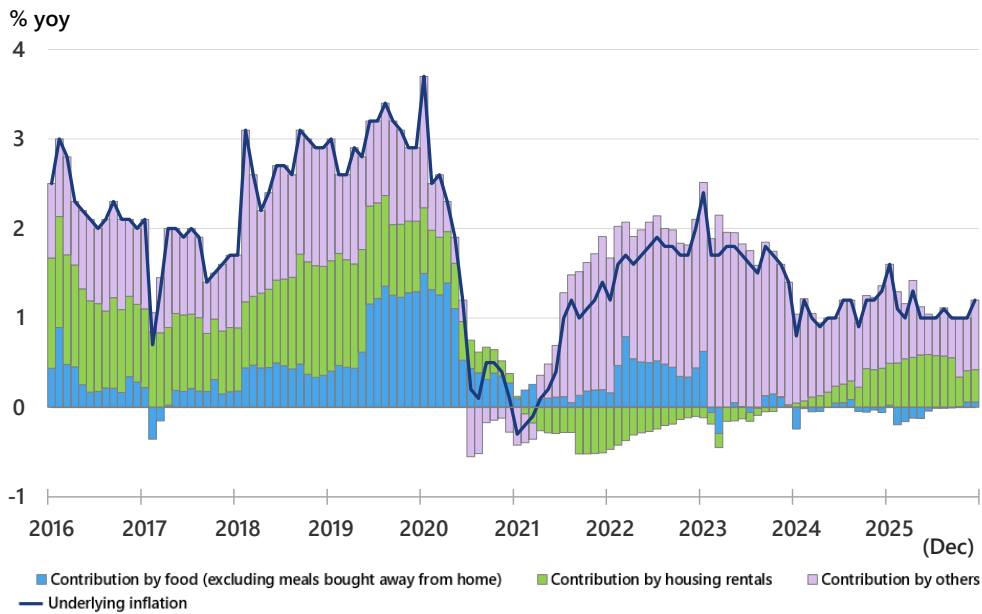
## Hong Kong: Unemployment rate



Source: C&SD

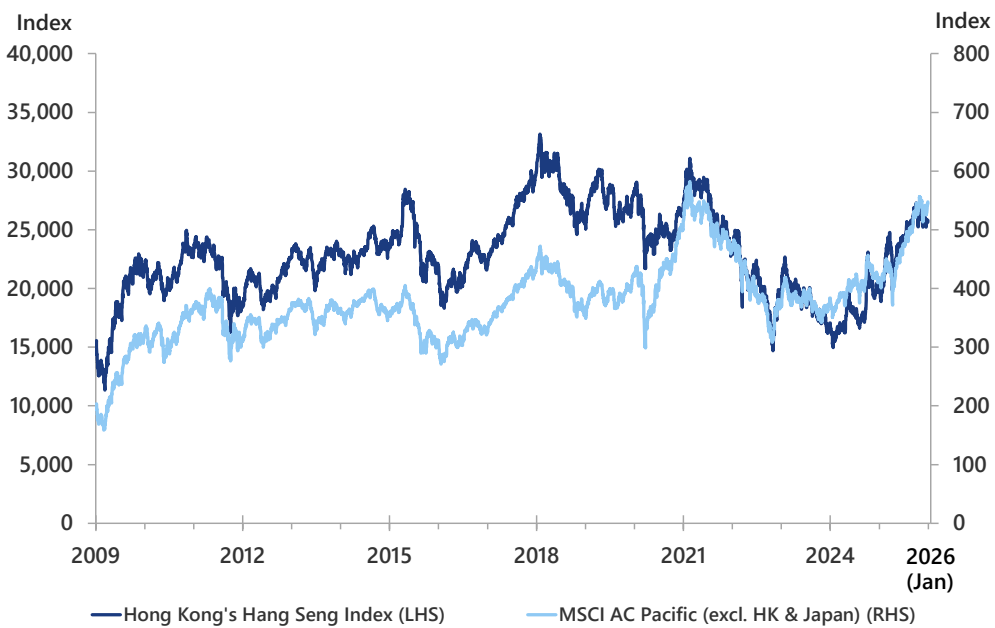
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## Hong Kong: Inflation



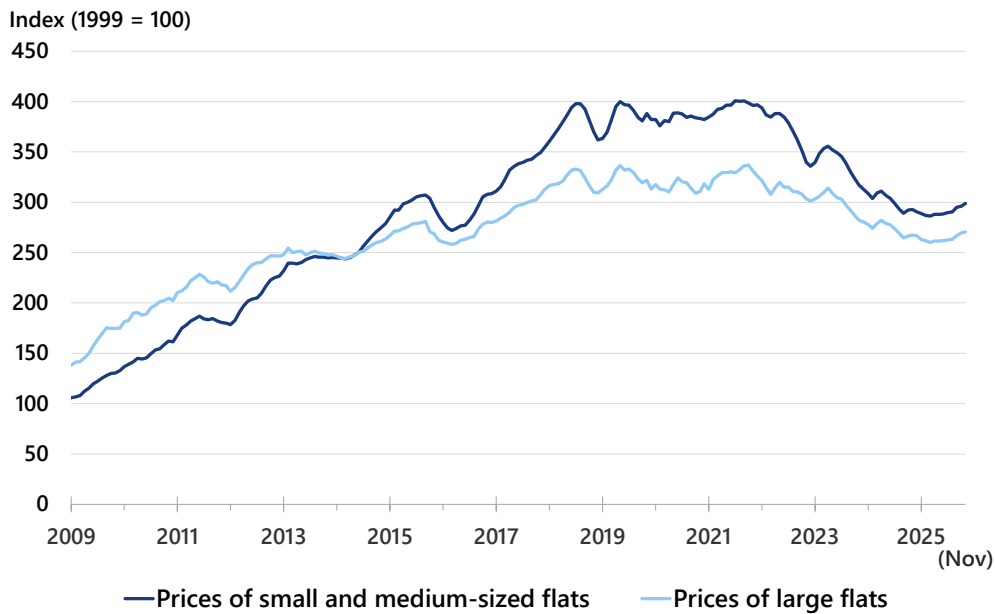
Sources: C&SD and HKMA staff estimates

## Hong Kong: Equity market



Source: Bloomberg

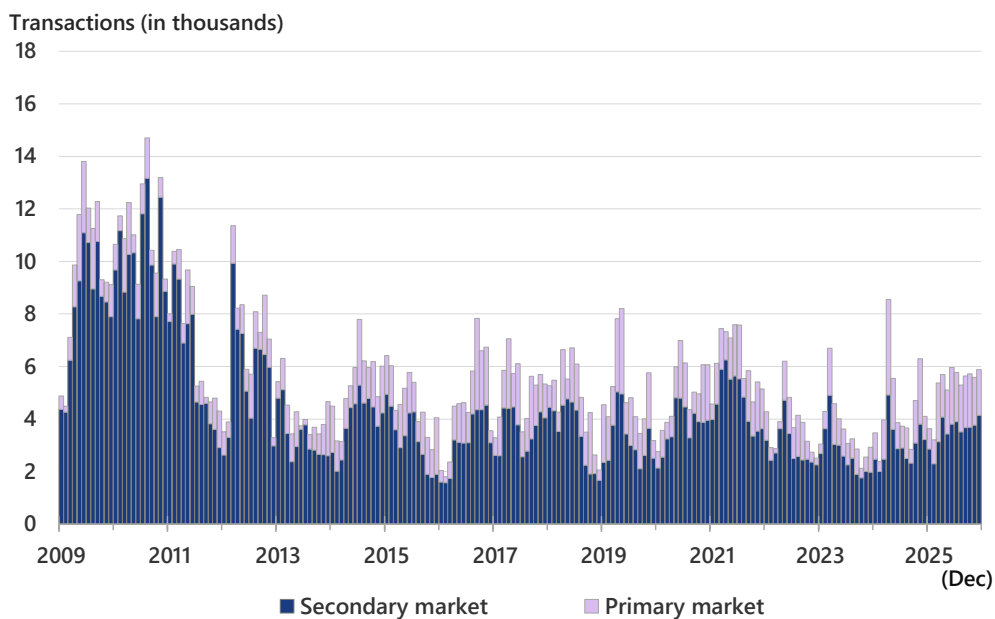
## Hong Kong: Residential property prices



Source: Rating and Valuation Department (R&VD)

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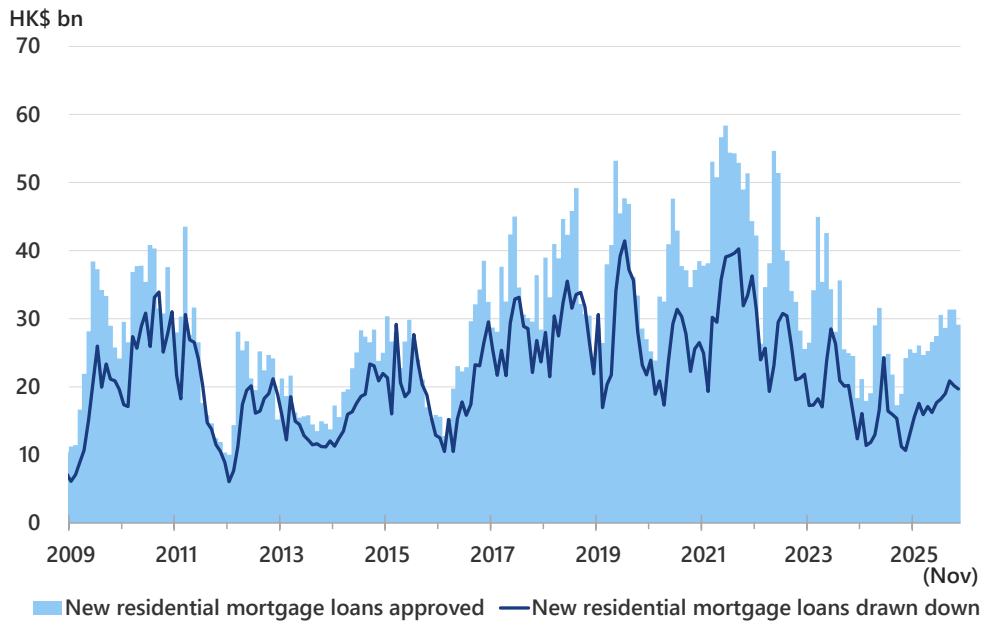
## Hong Kong: Transaction volumes in the primary and secondary residential property markets



Source: Land Registry

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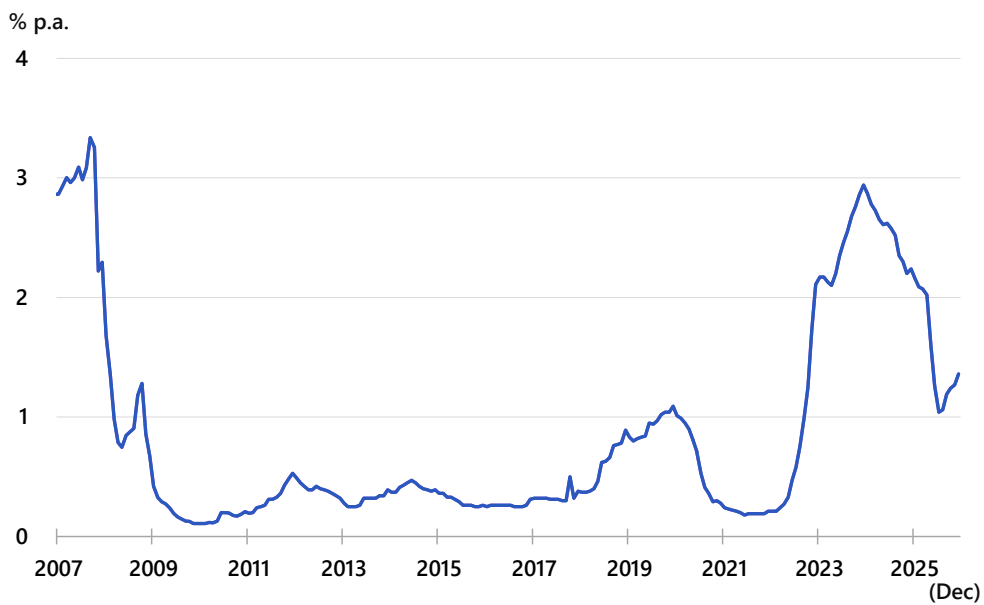
## Hong Kong: New residential mortgage loans



Source: HKMA

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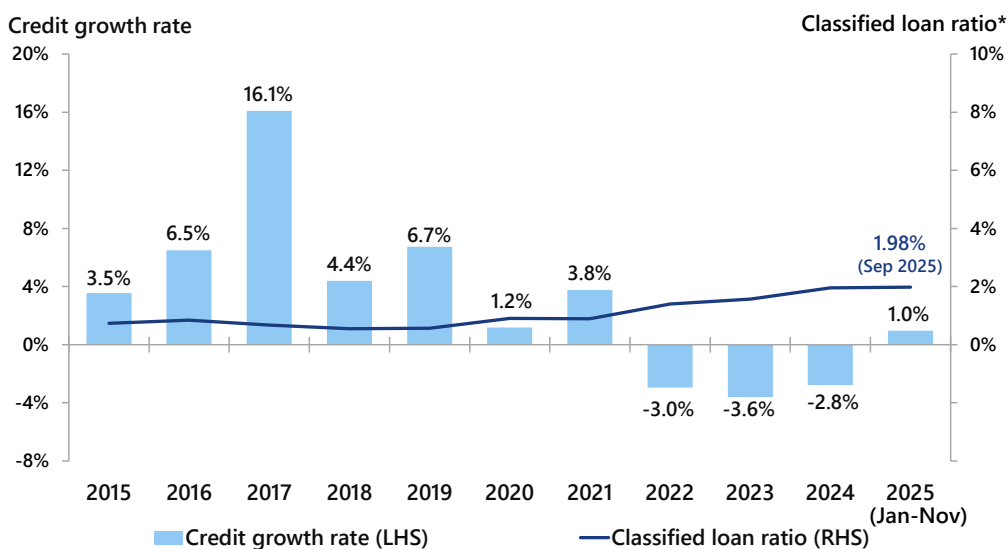
## Hong Kong: Composite interest rate



Source: HKMA

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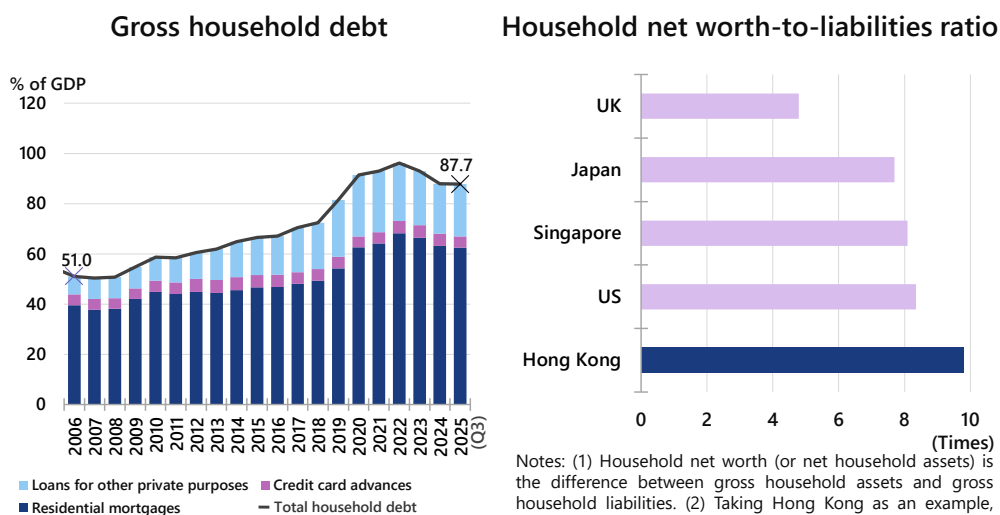
## Hong Kong: Loan growth and asset quality



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

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## Hong Kong: 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

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) Figures for Hong Kong, Singapore, the UK and the US refer to end-2024, while the figure for Japan refers to end-2023.  
Sources: HKMA staff estimates and statistical agencies or central banks of selected economies

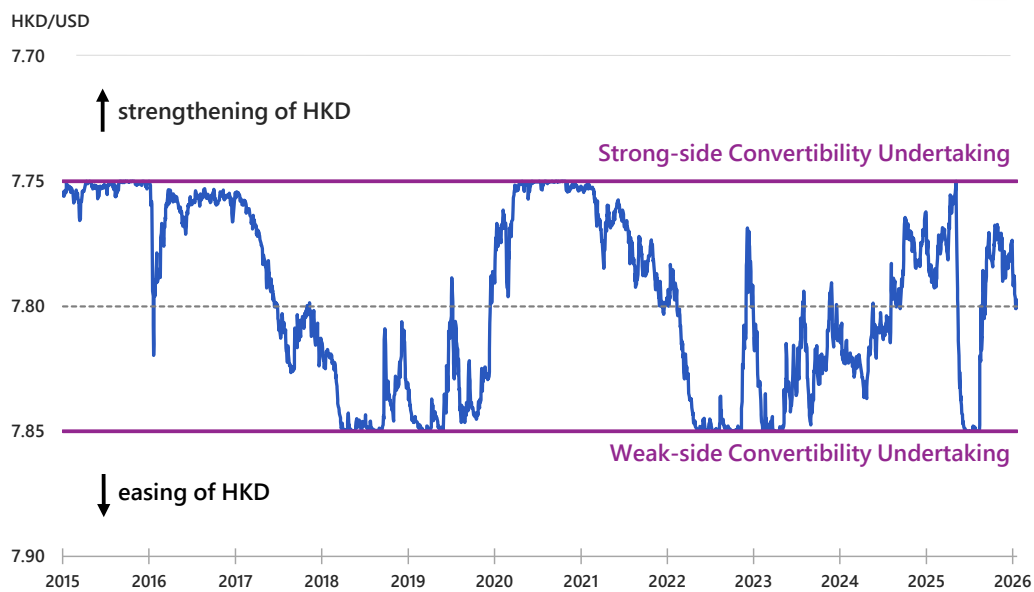
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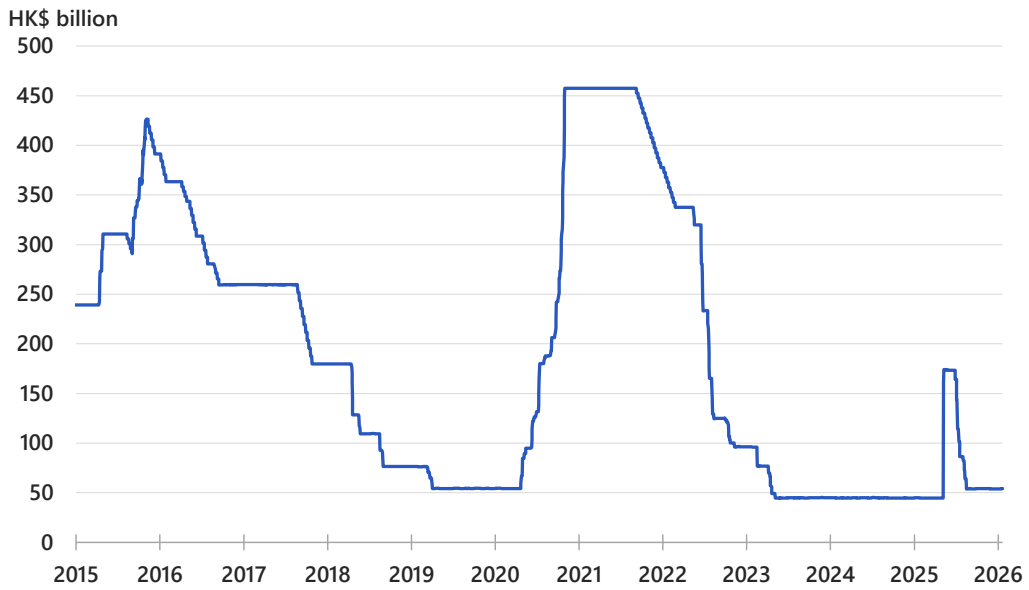
# Currency Stability



## Hong Kong dollar spot exchange rate

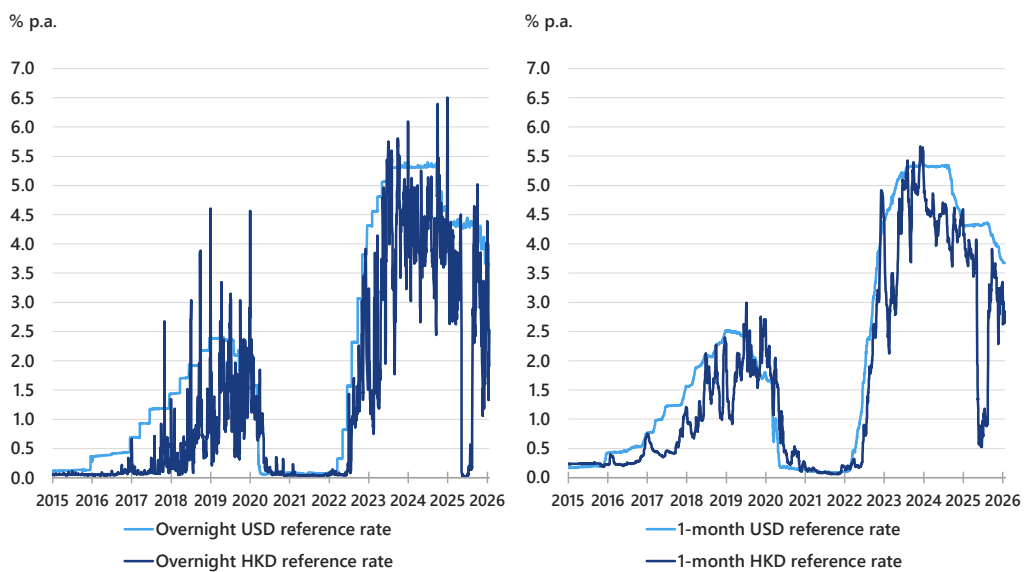


## Aggregate Balance



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## Interest rates



Note: HKD reference rate refers to HKD HIBOR fixing. Before 1 July 2023, USD reference rate referred to USD LIBOR fixing. Since 1 July 2023, USD reference rate has referred to SOFR and 1-month CME Term SOFR.

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## 12-month Hong Kong dollar forward points



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## Banking Stability

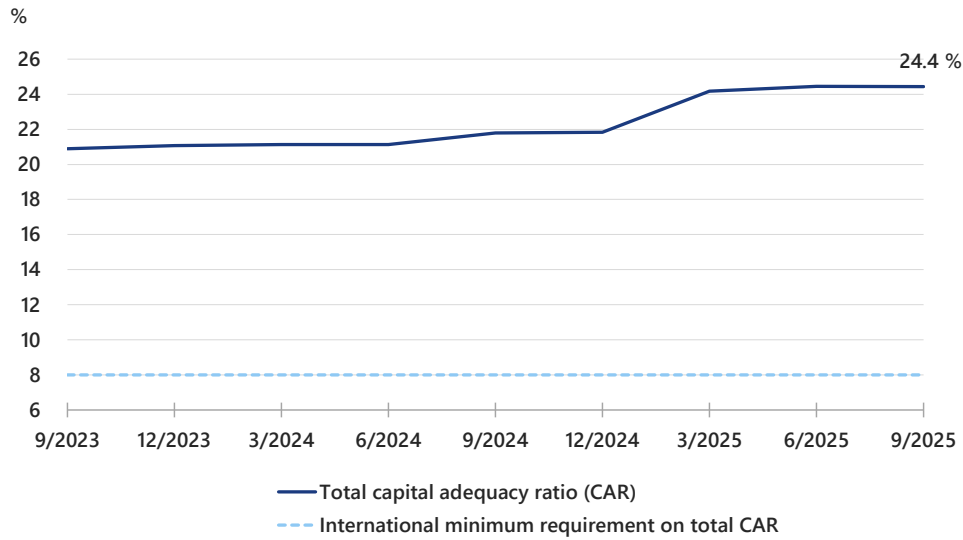


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## Banking sector performance



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



Source: HKMA

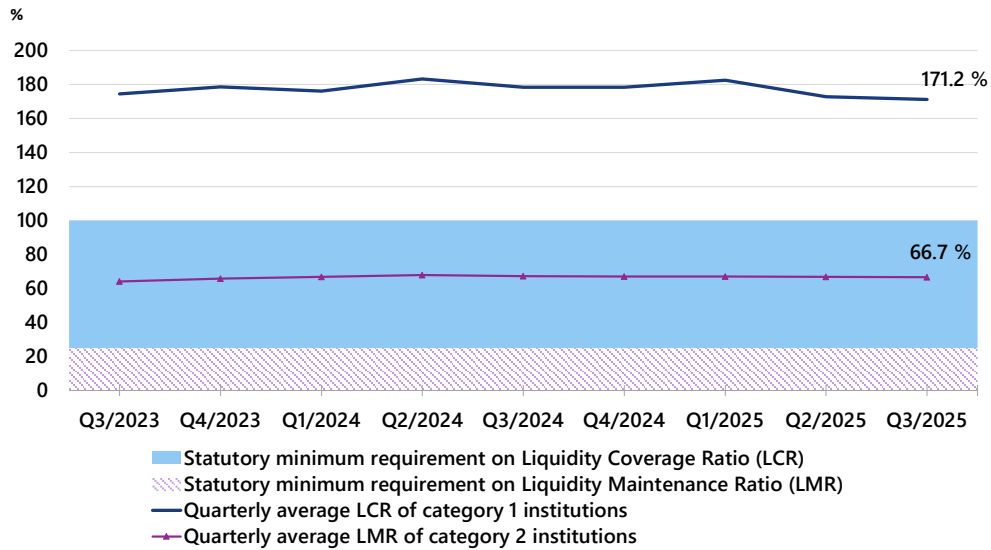
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- The Hong Kong banking sector continued to maintain a strong capital position, ample liquidity and prudent operations, providing effective protection for depositors.
- The consolidated CAR of locally incorporated AIs stood at 24.4% at end-September 2025, well above the international minimum requirement of 8%.

## Banking sector performance



### Liquidity position remained robust



Source: HKMA

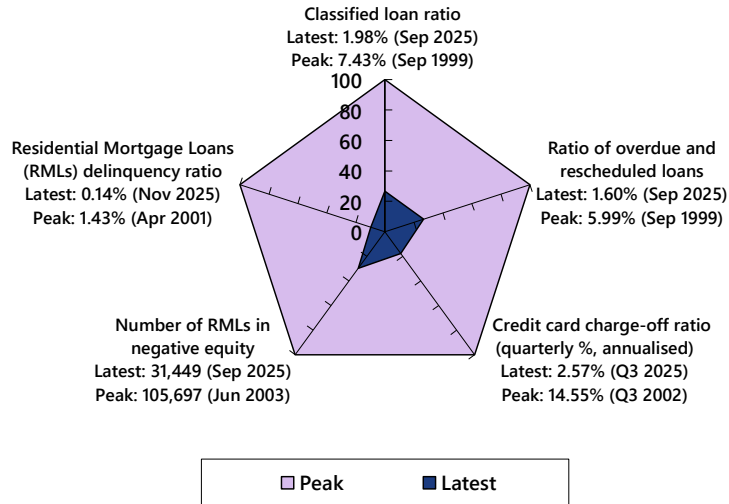
50

- In the third quarter of 2025, the quarterly average LCR of category 1 institutions was 171.2%, well above the statutory minimum requirement of 100%. For category 2 institutions, their quarterly average LMR was 66.7 % during the same period, also well above the statutory minimum requirement of 25%.

# Banking sector performance



## Credit risk stayed manageable



Source: HKMA

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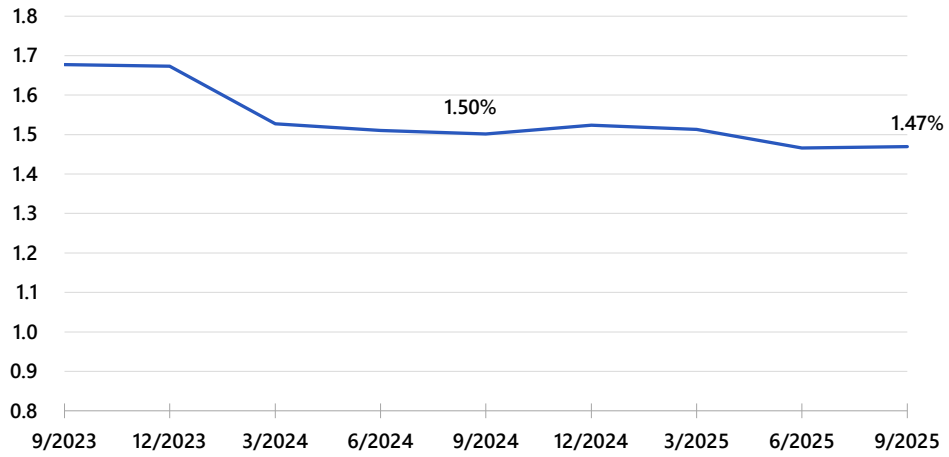
- The classified loan ratio of the banking sector increased slightly to 1.98% at end-September 2025 from 1.96% at end-December 2024.

## Banking sector performance



### Net interest margin (NIM) narrowed

% (year-to-date annualised)



Source: HKMA

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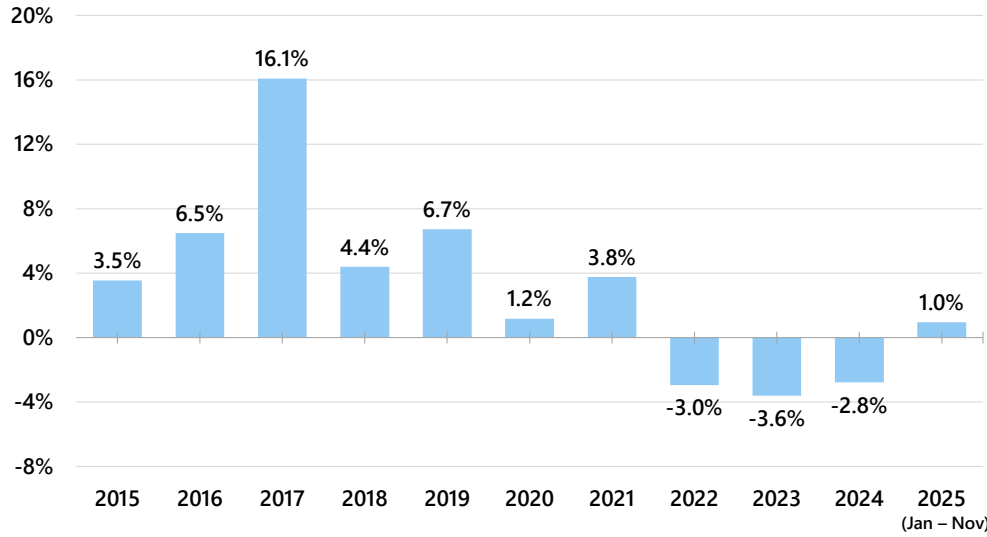
- The NIM of retail banks narrowed to 1.47% in the first three quarters of 2025, compared with 1.50% in the same period in 2024.

## Banking sector performance



### Total loans increased

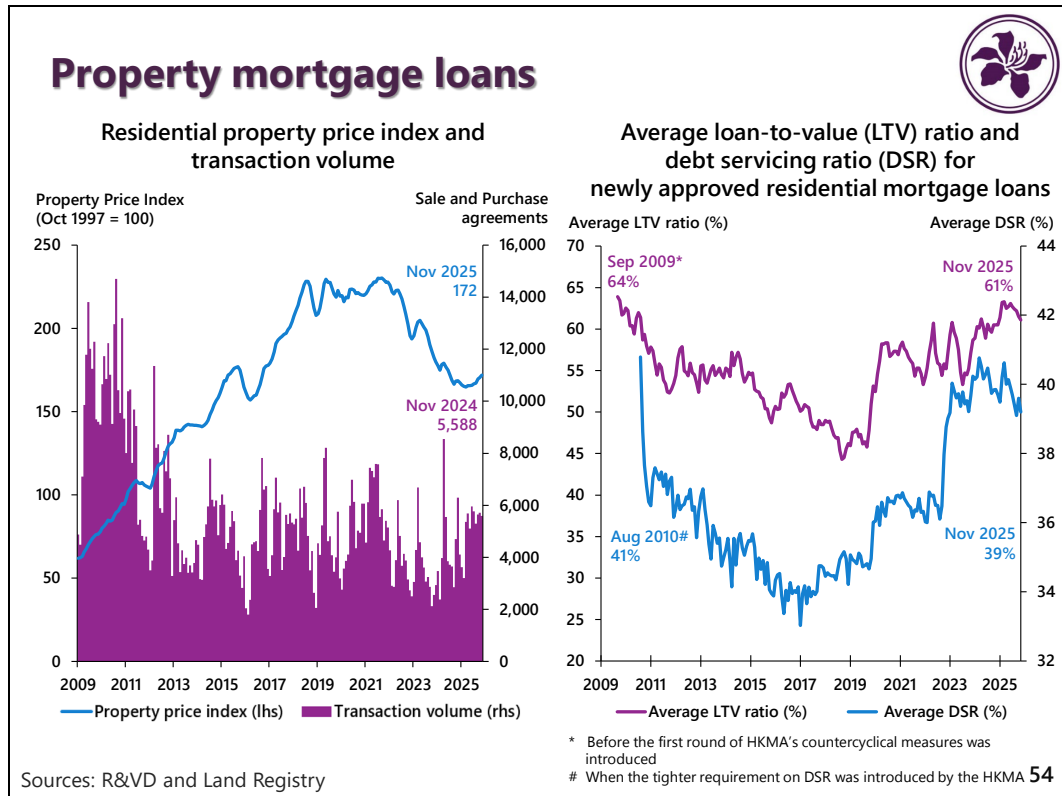
Credit growth rate



Source: HKMA

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- Total loans increased by 1.0% in the first 11 months of 2025.



### Latest statistics on residential mortgage loans (RMLs)

	Monthly average in 2023	Monthly average in 2024	Jun 2025	Jul 2025	Aug 2025	Sep 2025	Oct 2025	Nov 2025
Number of sale and purchase agreements	3,584	4,425	5,955	5,766	5,291	5,643	5,714	5,588
Number of new RML applications	8,032	6,986	8,581	9,005	8,405	8,316	8,255	8,019
Number of new RMLs approved	6,396	5,052	6,153	6,778	6,219	6,569	6,305	5,851

### Latest statistics on residential property prices

Property price index		Period	Property price index
Rating and Valuation Department (10/1997=100)	Latest position	11/2025	171.9
	Recent peak	9/2021	230.2
Centaline (6/7/1997=100)	Latest position	18/01/2026	145.5
	Recent peak	8/8/2021	191.3

## Supporting SMEs



- As at end-December 2025, over 78,000 SME cases, involving an aggregate credit limit of over HK\$184 billion, had benefitted from three rounds of SME support measures launched since March 2024
- In 2025, the 18 participating banks in the Taskforce on SME Lending established by the HKMA and The Hong Kong Association of Banks:
  - Increased dedicated funds for SMEs to over HK\$420 billion
  - Conducted over 160 outreach activities to engage with trade associations and SMEs from different sectors
  - Organised three large-scale SME forums to promote the banking sector's support for SMEs' digital and green transformation, as well as cross-border business expansion to over 700 participants
- The HKMA, in collaboration with the Commerce and Economic Development Bureau and the Intellectual Property Department, launched the Intellectual Property (IP) Financing Sandbox to assist pilot sectors in leveraging IP assets for financing

## Legislative Proposals



### **Banking Legislation (Miscellaneous Amendments) Bill**

- Amendments to the Banking Ordinance and its subsidiary legislation in relation to:
  - simplification of the three-tier banking system
  - regulation of bank holding companies
  - engagement of skilled persons
  - modernisation of the Monetary Authority's enforcement powers
  - a range of other technical amendments
- Serves to enhance regulatory clarity and effectiveness, while reducing compliance burden
- Refinements will also be made to the Financial Institutions (Resolution) Ordinance, The Hong Kong Association of Banks Ordinance and The Hong Kong Association of Banks By-laws
- Targets to introduce into LegCo in 2026

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



- Commenced the enhanced information sharing mechanism in December 2025 to include the sharing of individual account information among banks for the prevention and detection of crime
- Supported the expanded use of “Scameter” data by major retail banks and stored value facility licensees for the early detection of deception and mule accounts
- Continued to provide guidance to enhance banks’ capabilities to combat fraud and money laundering (ML), such as (i) rolling out a series of workshops to support artificial intelligence adoption in transaction monitoring; and (ii) issuing guidance on risk-based controls for politically exposed persons and combating high-end ML in Q4 2025

## Resolution regime



- Launched industry consultation on new resolution valuations policy proposals
- Continued to enhance resolvability of banks in Hong Kong, in particular on strengthening capabilities to manage liquidity and maintain operational continuity during resolution

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- The HKMA is currently consulting the industry on two new Financial Institutions (Resolution) Ordinance (FIRO) Code of Practice chapters on resolution valuations, namely (i) The HKMA's Approach to Valuation in Resolution ("VIR-1") and (ii) Resolution Planning - Valuation in Resolution Capabilities ("VIR-2"). The proposed VIR-1 outlines the valuations required under the FIRO and sets out how the valuations are generally anticipated to be carried out, including the methodologies, process and output. The proposed VIR-2 provides guidance on the capabilities and arrangements an AI should put in place to support timely and robust valuation in resolution, as well as the Monetary Authority's approach to implementation.
- The HKMA advanced resolution planning for Domestic Systemically Important Authorized Institutions and other locally incorporated AIs that could be critical or systemic upon failure. The HKMA oversaw AIs' programmes to establish and maintain adequate financial resources, develop new systems and capabilities, and conduct various testing, to enhance crisis preparedness. The HKMA also formulated preferred resolution strategies and completed the first resolvability assessments for additional AIs.
- In particular, on enhancing crisis preparedness, the HKMA strengthened AIs' capabilities to project liquidity positions and mobilise collateral for meeting liquidity needs in resolution, including through conducting capabilities testing exercise with relevant AIs and review of AIs' capacity and readiness to access central bank facilities. Also, the HKMA drove the development of capabilities and arrangements by AIs for ensuring operational continuity in resolution and continued access in resolution to critical financial market infrastructure services.

## Green and sustainable banking



- Released Phase 2A of the Hong Kong Taxonomy for Sustainable Finance in January 2026. Development of the next phase of the Taxonomy is underway, aiming to broaden its scope to introduce more green and transition activities and expand on climate change adaptation-related measures
- Carrying out industry engagement and other preparatory work to align disclosure requirements for the banking sector with international standards
- Conducting a second round of industry consultation on transition planning guidelines and will strive to finalise them within 2026

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- The HKMA released Phase 2A of the Hong Kong Taxonomy for Sustainable Finance in January 2026 to expand the Taxonomy scope, including adding transition activities, expanding on green activities, and incorporating the climate change adaptation category. The HKMA has commenced the next phase development to further expand the Taxonomy, including introducing more green and transition activities and expanding on climate change adaptation-related measures. The HKMA will continue to consult with a broad range of stakeholders in order to effectively respond to sustainable financing needs and facilitate the region's transition to a low carbon economy.
- Following the launch of the Roadmap on Sustainability Disclosure in Hong Kong by the Government in December 2024, the HKMA has been working towards aligning the local sustainability disclosure requirements for the banking sector with international frameworks and standards, including the International Financial Reporting Standards – Sustainability Disclosure Standards (i.e. ISSB Standards) and the Basel Committee on Banking Supervision's disclosure framework for climate-related financial risks. The HKMA has been undertaking industry engagement to analyse the sustainability disclosure landscape, understand key challenges and identify sound practices of the industry, to inform the policy formulation process.
- The HKMA conducted an industry consultation from December 2024 to February 2025 on a set of draft transition planning guidelines. We have revised the draft after analysing the feedback received, and are conducting a second round of industry consultation. We hope to finalise the guidelines within 2026, to assist banks in addressing the economy's net-zero transition and managing the associated risks more properly.

## Capacity-building in the banking sector



- Published a paper on “Capacity Building for Future Banking 2026-2030”, with an “A.S.C.E.N.D.” action plan to enhance the industry’s collaboration in capacity building

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- In August 2025, the HKMA published a paper on “Capacity Building for Future Banking 2026-2030” in collaboration with the Hong Kong Association of Banks and the Hong Kong Institute of Bankers.
- According to the study’s findings, to capture business opportunities ahead, skills required by the industry include: (i) technical expertise on artificial intelligence technology, data and cybersecurity; (ii) human-machine interaction and human-centric soft skills; and (iii) banking knowledge on sustainable finance-related risk management, emerging markets and new regulatory compliance. There is also a need to develop well-rounded banking professionals that are adaptive to the changing construct of banking operations, while addressing specific skill requirements.
- The study has also proposed an “A.S.C.E.N.D.” action plan for furthering the industry’s collaboration in capacity building:
  - **A**dvocate for local professional training and qualifications
  - **S**ynergise reskilling and upskilling
  - **C**ommit to a culture of continuous learning
  - **E**valuate Enhanced Competency Framework for updates
  - **N**urture and attract future talent
  - **D**evote effort to promoting industry-wide capacity building initiatives

## Financial inclusion



- Issued the *Guideline on Elderly-friendly Banking Services* and the *Second Edition of the Practical Guideline on Barrier-free Banking Services*
- Promoted exchanges with the banking industry and relevant stakeholders on bank account opening and maintenance
- Initiated industry consultation on bank account services for individuals assessed as presenting higher risks
- Encouraged more banks to provide Simple Bank Account (SBA) services

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- In January 2026, the HKMA worked with The Hong Kong Association of Banks (HKAB) in the issuance of the *Guideline on Elderly-friendly Banking Services*, which sets out principles and good practices recommended in the provision of banking services to elderly customers, to promote the adoption of elderly-friendly practices across the banking industry. In addition, the HKMA and HKAB have developed the *Second Edition of the Practical Guideline on Barrier-free Banking Services*, which was first issued in 2018, to enhance barrier-free measures to better address the needs of customers and enhance their experience.
- The HKMA organised a roundtable with the banking industry and the Home Affairs Department (HAD) in May 2025 to facilitate direct exchange of views and information on bank account opening and maintenance for Owners' Corporations (OCs). Practical notes were produced in collaboration with HKAB and HAD to assist OCs in better understanding the relevant requirements. The HKMA held another Industry Dialogue in October 2025 to promote knowledge exchange and collaboration among the banking industry, reiterate relevant supervisory expectations, and share good practices in the provision of bank account services.
- In December 2025, the HKMA commenced an industry consultation on bank account services for individuals assessed as presenting higher risks. The proposed guidance aims to assist banks in the provision of account services in line with the principles of treating customers fairly and financial inclusion, while mitigating the related risks, thereby enhancing access to banking services for the general public.
- The HKMA encourages more banks to support and launch SBA services, with a view to providing basic banking services with less extensive customer due diligence measures for corporates. Following the launch of SBA services by five banks during 2025, 13 banks are now offering SBA services, with over 40,000 SBAs successfully opened.

## Banking consumer protection



- All retail banks have launched “Money Safe” (MS) by end-2025
- Enhanced the effectiveness of the Interbank Debt Relief Plan (IDRP)
- Full industry-wide implementation of the operational resilience requirement under “Credit Data Smart” (CDS)
- Issued a circular to endorse the implementation of Phase 2 of the Mandatory Reference Checking (MRC) Scheme
- Regularisation of the Cross-boundary Credit Referencing (CBCR) pilot initiative
- Conducted industry consultation on consumer protection principles in the use of alternative data
- Conducting industry consultation on proposed approach for handling customer claims for losses arising from authorized payment scams

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- All retail banks (including digital banks) have fully launched MS by the end of 2025. To enhance public awareness and to encourage the public to make good use of this anti-scam tool to protect themselves, the HKMA and the banking industry will collaborate to actively promote MS in 2026, including launching a promotional TV clip, poster, and leaflet on MS and promoting them through banks’ and other stakeholders’ networks.
- The HKMA and the banking industry conducted a comprehensive review to enhance the effectiveness of the IDRP to assist consumers facing genuine difficulties in repaying debts to multiple financial institutions. The HKMA issued a circular on 21 November 2025 on the key outcomes of the review, which include broadening participation in IDRP to cover all retail banks (including digital banks) that offer consumer credit products and major licensed money lenders; increasing the availability of lead participants; developing a set of best practices to improve the efficiency of the process; and digitalising the process.
- Retail banks have implemented the requirement to engage more than one credit reference agency under CDS, which strengthens operational resilience and ensures continuity of credit business operations of banks.
- The HKMA issued a circular on 24 July 2025 to endorse the implementation of Phase 2 of the MRC Scheme in September 2025, covering a wider scope of bank staff, including those licensed or registered to carry on securities, insurance and Mandatory Provident Fund regulated activities.
- In October 2025, the HKMA held an industry symposium on CBCR and Data Validation, announced the regularisation of the CBCR pilot initiative, and issued a circular setting out guiding principles to support the industry in implementing and expanding the use of the CBCR.

- In October 2025, the HKMA conducted an industry consultation on a set of proposed guiding principles on the responsible and ethical use of alternative data in banking operations, balancing the needs to protect consumers and drive innovation, focusing on (i) governance and accountability; (ii) transparency and consent management; (iii) data quality and fairness; and (iv) data privacy and protection.
- In the fourth quarter of 2025, the HKMA launched an industry consultation on the proposed approach for handling customer claims for losses arising from authorized payment scams, and is reviewing comments received from HKAB. The HKMA will continue engaging the banking industry to develop a reasonable and balanced approach.

## Banking investor protection (1)



- Implemented three-party online conference arrangements to facilitate services by Hong Kong banks under Cross-boundary Wealth Management Connect Southbound Scheme
- Extended banks' engagement period of frequently visiting professionals to provide investment services
- Issued jointly with the Securities and Futures Commission (SFC) guidance to allow intermediaries to provide staking services for virtual assets, and use off-platform virtual asset trading services of SFC-licensed platforms
- Issued additional guidance to facilitate selling of green and sustainable investment products
- Updated guidance on registration of banks and bank staff to carry on securities and futures business

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- To facilitate the provision of services by Hong Kong banks under the Wealth Management Connect Southbound Scheme, the HKMA issued guidance on 12 June 2025 regarding the setting up of three-party dialogues (online, teleconference or video conference) at the Mainland partner bank branches, during which the Hong Kong bank representatives can introduce eligible wealth management products with the customer's one-off consent.
- The HKMA revised on 12 September 2025 the Supervisory Policy Manual module to extend the engagement period from 30 days to 45 days in each calendar year for banks to engage professionals who repeatedly visit Hong Kong for short periods of time to provide investment services.
- On virtual assets, the HKMA and the SFC issued a joint supplemental circular on 30 September 2025 to allow intermediaries to provide staking services to their clients, and to execute trade via the off-platform trading services of SFC-licensed virtual asset trading platforms.
- The HKMA completed a thematic review on banks' selling of green and sustainable investment products, and issued Frequently Asked Questions on 29 December 2025, with the aim of enhancing customer experience while ensuring investor protection in banks' selling of such products.
- The HKMA issued a circular on 27 October 2025 to update and consolidate previously issued guidance on registration of banks and bank staff to conduct regulated activities under the Securities and Futures Ordinance with a view to facilitating the industry's compliance.

## Banking investor protection (2)



- Issued a joint circular with the Insurance Authority (IA) on the naming requirements of insurance products with savings features
- Issued a circular on review of premium financing activities
- Revised the Supervisory Policy Manual (SPM) module IB-1 on “Supervision of Insurance Intermediary Business of Authorized Institutions”
- Consulted the industry on the proposed requirements on remuneration structures of banks for the sale of participating policies with regular payment terms

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- The HKMA and the IA issued a joint circular on 19 September 2025 to set out the naming requirements of insurance products with savings features, ensuring that such products are presented clearly and accurately to prospective policyholders.
- The HKMA completed a review on premium financing activities engaged by AIs and their subsidiaries, and issued a circular on 19 November 2025 to share the key observations and good practices, as well as to clarify the expected standards for the offering of premium financing facilities.
- The HKMA issued the revised SPM module IB-1 on “Supervision of Insurance Intermediary Business of Authorized Institutions” on 21 November 2025 to reflect the latest regulatory requirements and guidance, and reiterate the regulatory expectations relating to corporate governance and internal controls.
- The HKMA consulted the banking industry in October 2025 on the proposed requirements on the remuneration structures of banks in relation to the sale of participating policies with regular payment terms. Taking into account the industry’s feedback, the HKMA is reviewing relevant details of the requirements and exploring the feasibility for implementation.

## Supporting individuals affected by the Tai Po fire incident



- The HKMA and The Hong Kong Association of Banks (HKAB) mobilised the banking industry to provide urgent support to affected individuals
- The HKMA and HKAB introduced a total of 11 measures on 28 November and 4 December 2025 to assist affected residents, as well as construction workers, cleaners and security guards who were injured or passed away in the incident as well as their families
- The HKMA will continue to work closely with the industry to ensure affected individuals will receive timely support, and to collaborate with the Police and the industry to strengthen efforts in combating fraudulent activities exploiting the incident

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- The HKMA and HKAB introduced six emergency support measures on 28 November 2025:
  - Established senior management-led designated committees by each retail bank to co-ordinate internal resources and guide frontline staff, and set up 24-hour dedicated hotlines;
  - Provided a six-month pre-approved principal and interest repayment grace period for mortgages, personal and credit card loans etc., of affected residents, and waivers of related penalties and charges;
  - Extended branch service hours in Tai Po and increased manpower;
  - Prioritised helping affected residents to replace lost or damaged banking documents;
  - Assisted those who could not present ID or banking documents, enabling them to access liquid funds and continue using other banking services;
  - Proactively contacted those who had purchased insurance policies through respective banks.
- Five additional support measures were introduced on 4 December 2025:
  - Established a collaboration mechanism with the banking industry and relevant Government departments to provide a one-stop service for bereaved families to enquire about bank accounts and safe deposit boxes of the deceased;

- Offered emergency interest-free or low-interest loans for affected individuals. Credit support was extended to construction workers, cleaning workers, and security guards who were injured or passed away in the incident, as well as their family members. The HKMA will continue to work with banks regarding the follow-up arrangements for mortgages of affected residents, adopting an empathetic and flexible approach. The six-month pre-approved repayment grace period for relevant mortgages should alleviate the immediate financial pressure on affected residents, while giving them and relevant parties time and room to manage the issues;
- The three note-issuing banks will provide a one-stop service to verify and exchange damaged bank notes and coins after the affected buildings are unblocked;
- Waived fees for fund transfers to and from the “Support Fund for Wang Fuk Court in Tai Po” account set up by the Government;
- Further extended the opening hours of bank branches in Tai Po.

## Public education and social media

- Launched a new round of “Click the Links, Fall for Scams!” cross-media promotion, including the Halloween flash mob and 3D sculptures on streets, to further promote anti-scam messages
- Further promoted the “\$mart Money Management 321” financial board game by organising activities for primary school students, secondary school teachers and parents; set up an anti-scam booth at the Hong Kong Book Fair 2025, integrating anti-fraud messages to raise public awareness
- In addition to reaching the local audience, the HKMA is actively disseminating anti-scam messages to a wider audience through its newly launched RedNote official page
- Launched reels summarising “Fintech 2025” and posts introducing “Fintech 2030” on social media to highlight the HKMA’s vision for the future of fintech development
- Launched social media campaigns to promote HKMA’s major events, including Hong Kong Green Week, Hong Kong FinTech Week and the Global Financial Leaders’ Investment Summit. A post specially designed in “AI Robot” style was adopted to promote the Summit, together with live-streaming on the HKMA’s YouTube and WeChat channels to enable the public to participate in this mega event online





# Financial Infrastructure

## Financial infrastructure: overview



### Real Time Gross Settlement (RTGS) Systems

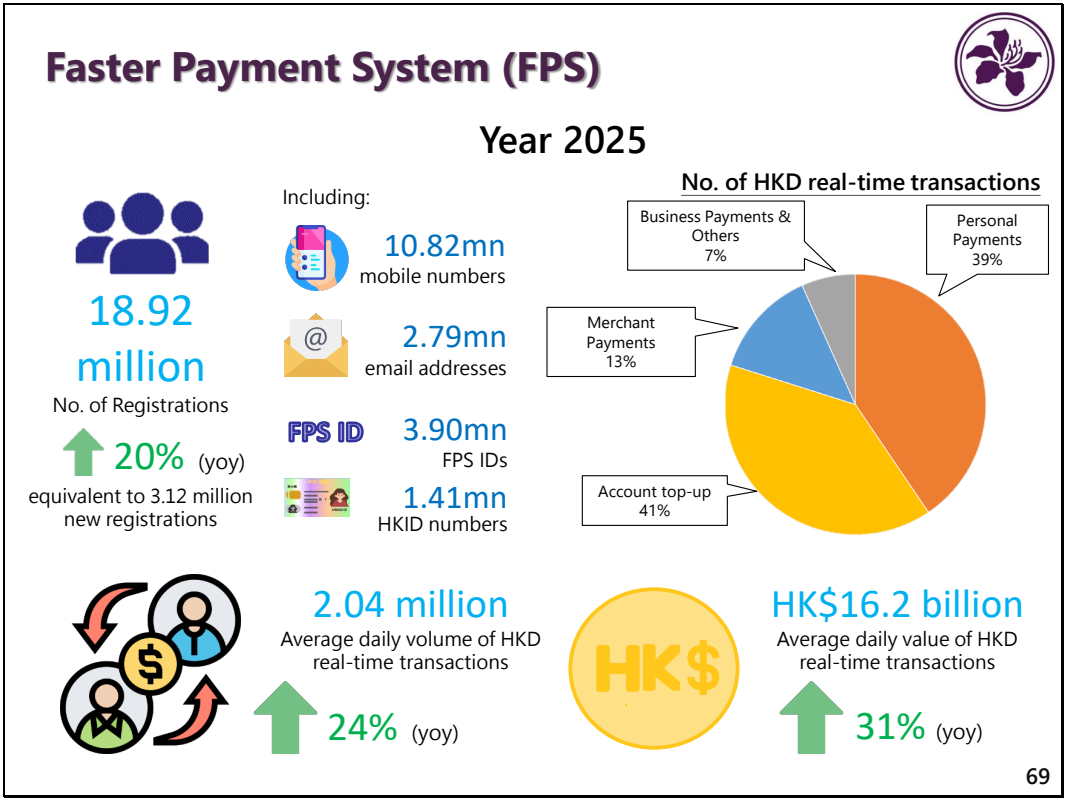
- Average daily turnover of the four RTGS Systems in 2025 was HK\$1.44 trillion (record high), RMB2.52 trillion, US\$92.7 billion and €0.9 billion, respectively

### Central Moneymarkets Unit (CMU)

- Providing settlement and custodian services for debt securities; by end-December 2025, total outstanding debt securities safekept by CMU reached about HK\$5 trillion equivalent, of which HK\$4.1 trillion equivalent were lodged with CMU
- Supporting Bond Connect (2025 full year)
  - For Northbound Trading: settlement volume reached RMB9.6 trillion
  - For Southbound Trading: settlement volume reached RMB631.5 billion

### Hong Kong Trade Repository

- Collecting over-the-counter derivatives transaction information and providing them to regulatory authorities; by end-December 2025, the number of outstanding transactions reached 6.12 million



- The number of registrations and turnover of the FPS have been growing steadily.
- The usage of the FPS has expanded gradually to merchant payments and top-up transactions from primarily P2P transactions previously.

## Development of Central Moneymarkets Unit (CMU)



- To help Hong Kong grasp the opportunities from the continued opening up of the Mainland financial markets, the CMU has launched and planned for initiatives on various fronts :
  - Develop post-trade equity servicing capabilities
  - Forge strategic collaboration with the Hong Kong Exchanges and Clearing Limited (HKEX)
  - Build linkage connectivity with other central securities depositories
  - Promote the use of offshore Chinese Government Bonds as collateral in different clearing houses
  - Enhance CMU Platform with strengthened system capabilities and functionalities, esp. collateral management

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- CMU OmniClear Limited (CMU OmniClear) is actively developing equity servicing capabilities, with the goal of offering one-stop services that facilitate market participants in managing diversified asset portfolios, including bonds and stocks.
- The HKEX has acquired a 20% stake in CMU OmniClear Holdings Limited, an entity owned by the Exchange Fund managed by the HKMA. The strategic partnership with the HKEX has established a strong foundation for transforming CMU into a multi-asset class platform.
- CMU is establishing linkages with SIX of Switzerland and the Central Bank of United Arab Emirates respectively. These will support outbound investment by Chinese Mainland investors, while facilitating direct access to the Chinese Mainland and Hong Kong bond markets by overseas investors through CMU.
- CMU OmniClear signed a Memorandum of Understanding with London Clearing House in June 2025, fostering the acceptance of Chinese Government Bonds held in CMU.
- CMU OmniClear plans to launch CMU New Platform in 2027 with strengthened system capabilities and more comprehensive collateral management functionalities, facilitating users' liquidity management.

## Latest fintech initiatives (1)



### Fintech 2030

- Focusing on four strategic pillars, namely Data and Payment, Artificial Intelligence, Resilience, and Tokenisation, with a comprehensive portfolio of over 40 initiatives

### Tokenisation

- Project Ensemble: Launched Ensemble<sup>TX</sup> and announced the commencement of the project's pilot phase in November 2025, enabling real-value transactions involving tokenised deposits and digital assets
- Project e-HKD+: Completed the e-HKD Pilot Programme in October 2025 and outlined the future direction of e-HKD

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### Fintech 2030

- Building on the momentum of “Fintech 2025”, “Fintech 2030” focuses on four strategic pillars, collectively known as “DART”, with a comprehensive portfolio of over 40 initiatives:
  - Creating Next-generation **D**ata and Payment Infrastructure
  - A New Holistic **A**rtificial Intelligence Strategy
  - Enhancing Business, Technology and Quantum **R**esilience
  - **T**okenisation of Finance

### Project Ensemble

- Project Ensemble aims to explore the broader application of tokenisation in finance, bringing together leading experts and industry pioneers to collaboratively design and implement a robust tokenisation ecosystem for Hong Kong. It also explores innovative financial market infrastructure that will facilitate seamless interbank settlement of tokenised money.
- Since August 2024, the HKMA has been operating the Ensemble Sandbox, allowing industry participants to test end-to-end tokenisation use cases using experimental tokenised deposits. These experimental use cases covered four key areas: Fixed income and investment funds; Liquidity management; Green and sustainable finance; and Trade and supply chain finance.
- Building on the successful experimentation stage, the HKMA launched the Ensemble<sup>TX</sup> in November 2025, i.e. the pilot phase of Project Ensemble, enabling participating banks and industry players to carry out real-value transactions in tokenised HKD deposits and digital assets within a controlled pilot environment.

**Project e-HKD+**

- The HKMA has embarked on Project e-HKD since June 2021 to study the prospect of extending the use of the e-HKD to retail scenarios by individuals and corporates. In September 2024, the project was renamed Project e-HKD+, as its coverage expanded from e-HKD only to a more comprehensive exploration of the digital money ecosystem. Under the e-HKD Pilot Programme, the HKMA worked closely with the industry to explore different innovative use cases for new forms of digital money that can potentially be used by individuals and corporates.
- Phase 2 of the e-HKD Pilot Programme explored innovative use cases across three main themes, namely settlement of tokenised assets, programmability, and offline payments. In light of the findings from the e-HKD Pilot Programme, completed in October 2025, the HKMA will prioritise the development of the e-HKD for financial institutions in wholesale scenarios.
- In the meantime, the HKMA will continue its efforts to prepare a solid policy, legal, and technical foundation, with the aim of laying the groundwork for the potential future use of an e-HKD for individuals and corporates in Hong Kong, subject to international developments, latest technologies, and market needs.

## Latest fintech initiatives (2)



### Commercial Data Interchange (CDI)

- Since its official launch, CDI has facilitated more than 82,000 loan applications and reviews, with an estimated credit approval amount exceeding HK\$66.4 billion as of end-December 2025
- Building on CDI, the HKMA launched Project Cargo<sup>x</sup> and established an Expert Panel in April 2025 to enhance the digital trade finance ecosystem by harnessing the power of cargo and trade data
- Published a Recommendation Report in January 2026 to present 20 Cargo<sup>x</sup> recommendations, structured under three strategic pillars of "Data", "Infrastructure" and "Connectivity", along with a roadmap for modernising the trade finance landscape in Hong Kong

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



- SVF usage continued to grow in Q3 2025:
  - Average daily transaction number: 23.24 million (+3.8% year on year (yoy))
  - Average daily transaction value: HK\$2,922 million (+13.4% yoy)

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

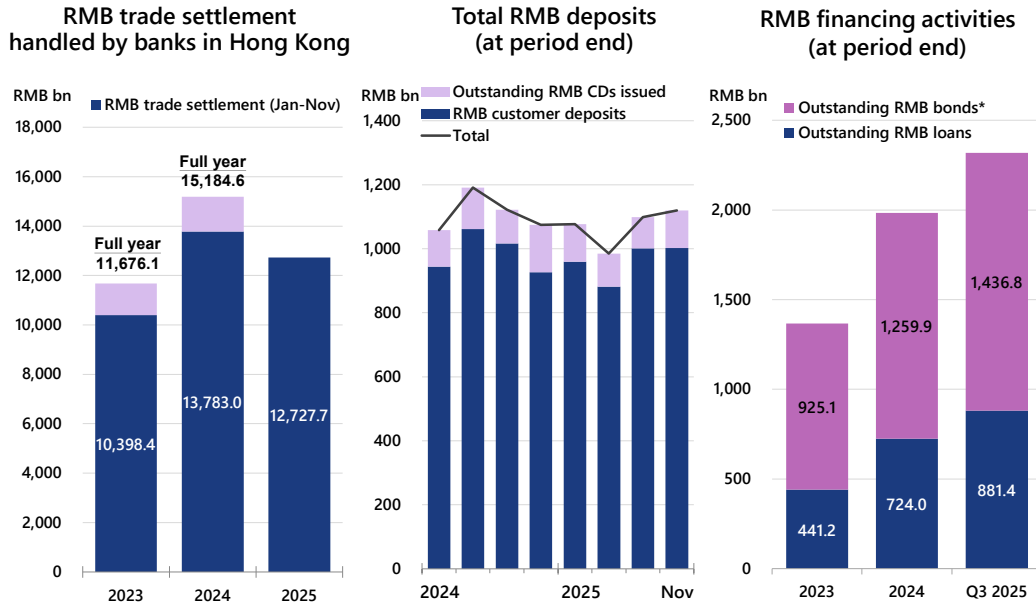


- Following public consultations on enhancements to the Hong Kong OTC derivatives regulatory reporting regime (namely mandatory reporting of Unique Transaction Identifier, Unique Product Identifier and Critical Data Elements), the HKMA and the Securities and Futures Commission published the updated Supplementary Reporting Instructions. The proposed enhancements were gazetted in April 2025 and implemented on 29 September 2025



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

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



\* Since June 2024, the methodology of the HKMA to compile RMB bond data has been adjusted to have a more comprehensive coverage of RMB bonds issued in Hong Kong. Data are updated on a quarterly basis. The PBoC bills issued in Hong Kong have been included. **76**

- As at end-November 2025, RMB customer deposits and outstanding RMB certificates of deposit (CDs) amounted to RMB1,002.0 billion and RMB117.8 billion respectively, totalling RMB1,119.8 billion.

## Connectivity with the Mainland financial market (1)



- Northbound Trading under Bond Connect remained active. In 2025, average daily turnover amounted to RMB39 billion
- In July 2025, the Southbound Bond Connect investor scope was expanded to include four types of non-bank financial institutions—securities firms, fund companies, insurance companies, and wealth management companies. This enhancement provides additional investment channels for mainland investors to participate in cross-boundary bond markets, thereby boosting market liquidity and further strengthening Hong Kong’s appeal to bond issuers and global investors. Southbound Bond Connect continued to operate smoothly after the enhancement and the market response was positive
- In 2025, the ancillary services of the Connect schemes saw significant enhancements to improve the efficiency of liquidity management, including:
  - Launched and enhanced the offshore RMB bond repurchase (repo) business;
  - Launched the cross-boundary repo business; and
  - Facilitated the inclusion of Northbound Bond Connect bonds as eligible margin collaterals for all derivative transactions at OTC Clearing Hong Kong Limited
- Several enhancement measures of Swap Connect were also introduced in 2025:
  - Extended the tenor of interest rate swap (IRS) contracts to 30 years, and included IRS contracts using the Loan Prime Rate as the reference rate;
  - Expanded the daily net quota to RMB45 billion; and
  - Expanded the onshore Swap Connect dealer list

## Connectivity with the Mainland financial market (2)



- The implementation of the Cross-boundary Wealth Management Connect Scheme (WMC) is progressing smoothly with positive market response. By the end of 2025, around 178,000 GBA individual investors have opened cross-boundary WMC accounts, including around 123,000 Southbound investors and around 55,000 Northbound investors. Following the launch of “WMC 2.0” in 2024, all relevant measures have been implemented. Building on this foundation, the HKMA continued to work closely with relevant Mainland regulatory authorities to introduce several enhancement measures including “one-off consent” and “three-party dialogue”, to facilitate banks in the provision of more efficient and customer-friendly WMC services in 2025. The HKMA will continue to work with relevant authorities and the industry to explore and study further improvements to the WMC framework
- The HKMA launched the RMB Business Facility (RBF) in October 2025, which replaced the RMB Trade Finance Liquidity Facility introduced earlier in February 2025 with multiple enhancements. The RBF is one of the HKMA's key initiatives to promote the development of offshore RMB business, offering banks with stable-cost RMB funds to support the more extensive use of RMB by their corporate customers in the real economy, and to radiate offshore RMB funding from Hong Kong to other jurisdictions, further reinforcing Hong Kong's role as the global RMB business hub. The total facility size is RMB100 billion, with interest rates referencing onshore rates. The 40 participating Hong Kong banks can access RMB funds of up to one year, enabling them to provide RMB trade finance, capital expenditure, and working capital related services to their own corporate customers or those of their overseas intragroup banking entities

## Developing the asset and wealth management industry



- Hong Kong's private equity industry has remained robust, with approximately US\$228 billion of total capital under management as at end-September 2025\*, representing a 6% year-to-date increase. Take-up of the limited partnership fund regime continued to increase — 1,446 funds had been established as at end-December 2025
- 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, single family offices and carried interest. The plan is to submit the proposals to the Legislative Council for deliberation in 2026. If approved, the relevant measures will take effect from the 2025-26 financial year

\* Source: Asian Venture Capital Journal

## Supply chain finance and corporate treasury business



- In collaboration with relevant Government agencies and other stakeholders, the HKMA is working to enhance the competitiveness of Hong Kong's financial industry amid global supply chain reconfiguration, in accordance with the recommendations made by a dedicated working group. Specific measures include:
  - Embracing digital trade: The Government is consulting the industry on the proposed legislative amendments to facilitate digitalisation of trade documents, with the aim of submitting the proposed amendments to LegCo within 2026. Through Project Cargo<sup>x</sup>, the HKMA aims to enhance the digital ecosystem for trade finance by leveraging cargo and trade data
  - Encouraging corporates to set up treasury centres in Hong Kong: In tandem with the trend of Mainland enterprises "going global" and to attract more corporates to manage intra-group liquidity through Hong Kong, the HKMA and relevant Government agencies are studying enhancements to tax concession measures. The study is expected to conclude by the first half of 2026

## Developing the bond market (1)



- Hong Kong is the leading bond issuance centre in Asia. According to the International Capital Market Association, Hong Kong has been, for the ninth time over the last decade, the largest arranging hub for international bond issuances in Asia. In 2024, Hong Kong captured around 30% of the regional total
- In September 2025, the Securities and Futures Commission (SFC) and the HKMA jointly published the “Roadmap for the Development of Fixed Income and Currency (FIC) Markets” to position Hong Kong as a global FIC hub. The roadmap outlines key initiatives across four pillars, including boosting issuance in the primary market, enhancing liquidity in the secondary market, expanding offshore RMB business, and next-generation infrastructure. An FIC Forum was held in the same month by the SFC and the HKMA, bringing together senior officials from Hong Kong and the Mainland, regulators and leaders from major financial institutions to share insights on promoting Hong Kong’s bond market development

## Developing the bond market (2)



- Building on the successful issuance of the world's first tokenised government green bond and first multi-currency digital bond in 2023 and 2024 respectively, the HKMA assisted the Government to issue the world's largest digital bond to date in November 2025. The issuance attracted wide participation including a substantial number of first-time digital bond investors, and was the first to integrate tokenised central bank money in the form of e-CNY and e-HKD in the settlement process. The HKMA will continue to assist the Government to issue more regularised tokenised bonds to provide the market with a steady supply of high quality issuances
- The HKMA has continued to promote the broader adoption of tokenisation technology in capital markets, through encouraging digital bond issuances via the Digital Bond Grant Scheme, and as announced in the 2025-26 Budget, working with the Government to identify potential enhancements to the current legal regime

## Developing the bond market (3)



- The HKMA is supporting the Government in the implementation of the 2025-26 bond issuance plan under the Infrastructure Bond Programme and Government Sustainable Bond Programme:
  - In June 2025, successfully issued around HK\$27 billion worth of green and infrastructure bonds via bookbuilding, including an inaugural 30-year HKD tranche which has helped further extend the HKD benchmark yield curve. The issuance was met with positive investor response
  - In October 2025, issued the latest batch of HK\$55 billion Silver Bond under the retail part of the Infrastructure Bond Programme, providing a safe investment option with steady returns for senior citizens
  - Continue to regularly issue HKD and RMB Government institutional bonds via the tender arrangement, promoting the formation of yield curves

## Promoting green and sustainable finance (1)



- Total green and sustainable debt instruments issued in Hong Kong exceeded US\$84 billion in 2024\*, of which the volume of green and sustainable bonds arranged in Hong Kong amounted to US\$43 billion, capturing more than 45% of the Asian market
- 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. Since May 2024, the scheme has been extended by three years, with an expanded scope to cover transition bonds and loans. The scheme has been well received by the market; as of the end of 2025, it has provided financial support for close to 650 green and sustainable debt instruments issued in Hong Kong with a total underlying issuance volume of around US\$180 billion

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

## Promoting green and sustainable finance (2)



- Collaborating with other members of the Green and Sustainable Finance Cross-Agency Steering Group (CASG) to promote the development of the sustainable finance market, focusing on facilitating sustainability disclosures, enabling product innovation, and nurturing talents. Looking ahead, we will deepen efforts in these focus areas while exploring new initiatives in emerging themes
- Raising Hong Kong's profile as a sustainable finance and knowledge hub:
  - Co-ordinated 2025 Hong Kong Green Week from 8 to 12 September 2025, which featured 42 events hosted by 65 local and international partners and attracted over 14,500 global participants from over 75 jurisdictions; Planning for 2026 edition is underway
  - Co-launched joint research report "*Scaling Sustainable Debt in Emerging Markets*" and co-hosted the second joint climate finance conference with Dubai Financial Services Authority in November 2025

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- The CASG aims to co-ordinate 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. 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.
- The joint research report "Scaling Sustainable Debt in Emerging Markets" aims to explore how to unlock the potential of sustainable debt for facilitating sustainable development in emerging markets. The full report can be accessed at <https://www.hkma.gov.hk/media/eng/doc/key-information/press-release/2025/20251118e4a1.pdf>.

## Outreach and hosting of international meetings



- Following visits to Thailand and Malaysia in 2024, in 2025 the HKMA visited the Philippines, and co-organised the Vietnam visit with a delegation from The Hong Kong Association of Banks and the Federation of Hong Kong Industries, with a view to exploring new market opportunities for the development of Hong Kong as an international financial centre. Building on the established bilateral meeting mechanism, the HKMA is actively pursuing financial collaboration initiatives with central banks in the Middle East
- The fourth Global Financial Leaders' Investment Summit has successfully concluded with the participation of around 300 global financial leaders, including more than 100 group chairmen and CEOs from the world's top financial institutions. The fifth Summit will be held on 2-4 November 2026
- The ASEAN+3 Deputies meeting was hosted in Hong Kong in November 2025, bringing together senior officials at the level of vice ministers of finance and central bank deputy governors from 15 regional jurisdictions. This was the first time the meeting had been held in Hong Kong

## Digital assets and stablecoins



- The Stablecoins Ordinance, which provides a licensing regime for fiat-referenced stablecoins (FRS) issuers in Hong Kong, came into effect on 1 August 2025. The HKMA also published (i) Guideline on Supervision of Stablecoin Issuers and (ii) Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Licensed Stablecoin Issuers) for the implementation of the regime, setting out our regulatory expectations for licensed stablecoin issuers
- The regime further enhances Hong Kong's regulatory framework for digital assets, thereby fostering financial stability and encouraging financial innovation
- The HKMA is currently processing licence applications. We expect to set a high bar for licensing, and only grant a handful of licences initially

## Hong Kong Academy of Finance (AoF)



- **Financial leadership development:** High-level events were held, bringing together experts, scholars and financial professionals from international and local institutions to discuss global economic and financial topics, including:
  - 5 November 2025: The “Conversations with Global Investors” forum
  - 14 – 15 October 2025: The 15th Annual International Conference on the Chinese Economy
  - 14 – 15 July 2025: A joint conference with the Bank for International Settlements and the International Monetary Fund on “Sustaining Financial Stability amid Uncertainty, Fragmentation and Rapid Innovation”
  - 14 May 2025: The 2nd ASEAN+3 Finance Think-tank Network Seminar
- **Financial Leaders Programme:** The 2025 cohort of 23 senior executives graduated from the Programme
- **Research and knowledge exchange activities:** The Hong Kong Institute for Monetary and Financial Research published a report on long-term investing in September 2025, providing a comprehensive and updated analysis of Hong Kong’s long-term investing landscape and opportunities, and offering recommendations to meet demands under the silver economy and develop a more comprehensive and healthy long-term investment ecosystem in Hong Kong. The Institute also released 11 papers on monetary and financial research topics in the past months



# Investment Environment and Performance of the Exchange Fund

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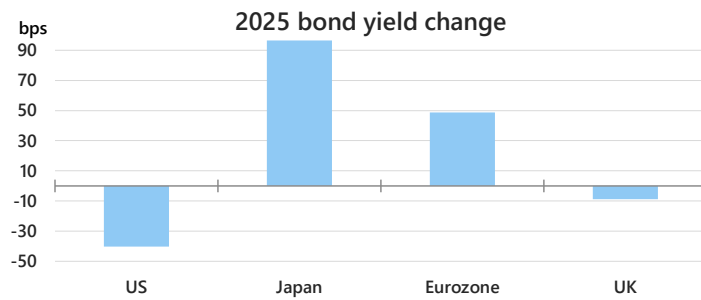
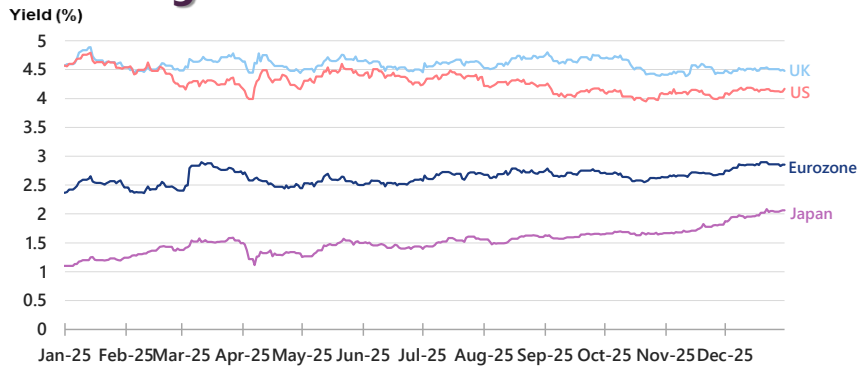


## Investment Environment in 2025

- Global financial markets experienced significant volatility in the first half of 2025 due to factors such as trade conflicts and geopolitical tensions. In particular, following the announcement of a series of tariff measures by the US Government in early April, global equity and bond markets fell sharply. The investment environment improved notably in the second half of the year, bolstered by the smaller-than-expected impact from trade conflicts, the swift advancement of artificial intelligence technology, and policy rate cuts by major central banks. Overall, the global financial markets showed strong resilience
- **Interest rates:** Major central banks lowered policy rates. US Treasuries performed decently on the back of the Fed's rate cuts
- **Equity markets:** Major stock markets saw broad-based gains, with many of them setting record highs. The S&P 500 finished the year up 16%. Benefitting from capital inflows into the Hong Kong stock market, the Hang Seng Index rose by 28% in 2025
- **Exchange rates:** US dollar weakened, depreciating by approximately 9% against other major currencies

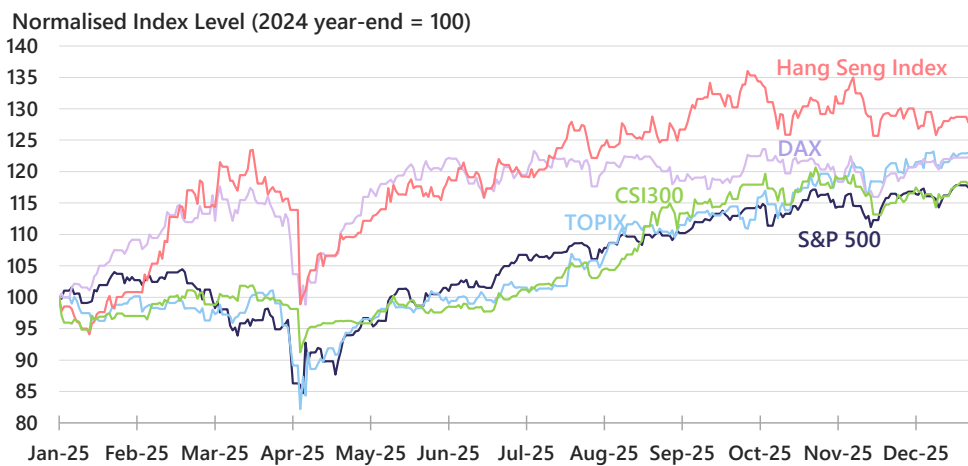
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## Major 10-year sovereign bond yields remained high



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## Major stock markets saw broad-based gains

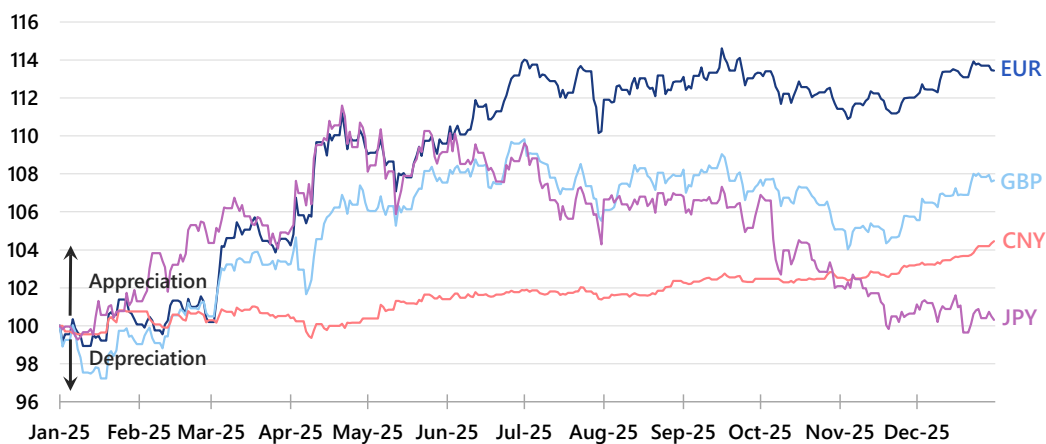


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## USD broadly weakened against major currencies



Normalised FX Level against USD (2024 year-end=100)



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## Investment Income



	2025 (unaudited)					2024	2023
	Full year	Q4	Q3	Q2	Q1	Full year	Full year
(HK\$ billion)							
<b>Bonds</b>	<b>142.2</b>	<b>29.6</b>	<b>37.3</b>	<b>34.7</b>	<b>40.6</b>	<b>135.9</b>	<b>144.7</b>
<b>Hong Kong equities*</b>	<b>33.9</b>	<b>(6.2)</b>	<b>17.2</b>	<b>6.5</b>	<b>16.4</b>	<b>21.8</b>	<b>(15.5)</b>
<b>Other equities</b>	<b>74.1</b>	<b>14.6</b>	<b>32.1</b>	<b>30.2</b>	<b>(2.8)</b>	<b>69.1</b>	<b>73.6</b>
<b>Foreign exchange<sup>#</sup></b>	<b>38.4</b>	<b>8.2</b>	<b>(26.6)</b>	<b>43.8</b>	<b>13.0</b>	<b>(35.6)</b>	<b>(0.5)</b>
<b>Other investments<sup>@</sup></b>	<b>42.4</b>	<b>-</b>	<b>10.8</b>	<b>19.6</b>	<b>12.0</b>	<b>27.6</b>	<b>23.7</b>
<b>Investment income</b>	<b>331.0</b>	<b>46.2</b>	<b>70.8</b>	<b>134.8</b>	<b>79.2</b>	<b>218.8</b>	<b>226.0</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 asset investments held under the Long-Term Growth Portfolio.

This figure reflects the valuations at the end of September 2025. Valuation changes of these investments from October to December are not yet available.

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## Income and Expenditure



(HK\$ billion)	2025					2024	2023
	Full year	Q4	Q3	Q2	Q1	Full year	Full year
	(unaudited)						
<b>Investment income</b>	<b>331.0</b>	<b>46.2</b>	<b>70.8</b>	<b>134.8</b>	<b>79.2</b>	<b>218.8</b>	<b>226.0</b>
Other income	0.2	0.1	-	0.1	-	0.2	0.2
Interest and other expenses	<u>(43.7)</u>	<u>(11.1)</u>	<u>(7.6)</u>	<u>(11.7)</u>	<u>(13.3)</u>	<u>(63.1)</u>	<u>(54.5)</u>
Net income	287.5	35.2	63.2	123.2	65.9	155.9	171.7
Fee payment to Fiscal Reserves							
– Operating and Capital Reserves*	(16.5)	(4.2)	(3.8)	(4.0)	(4.5)	(13.2)	(17.5)
– Future Fund	- #	- #	- #	- #	- #	(16.2)	(18.0)
Fee payment to HKSAR Government funds and statutory bodies*	(14.7)	(2.9)	(3.5)	(4.1)	(4.2)	(15.7)	(16.5)

\* The rate of fee payment is 4.4% for 2025, 3.7% for 2024 and 3.7% for 2023.

# The 2025 fee payment to the Future Fund will be published when the composite rate for 2025 is available. (The composite rate was 3.9% for 2024 and 4.8% for 2023.)

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## Exchange Fund Abridged Balance Sheet



(HK\$ billion)	At 31 Dec 2025 (unaudited)	At 31 Dec 2024	Change
<b>ASSETS</b>			
Deposits	429.0	332.9	96.1
Debt securities	2,856.0	2,825.0	31.0
Hong Kong equities*	171.1	133.0	38.1
Other equities	424.9	441.0	(16.1)
Other assets#	<u>270.4</u>	<u>349.1</u>	<u>(78.7)</u>
<b>Total assets</b>	<b><u>4,151.4</u></b>	<b><u>4,081.0</u></b>	<b><u>70.4</u></b>
	=====	=====	=====
<b>LIABILITIES AND EQUITY</b>			
Certificates of Indebtedness	635.1	598.9	36.2
Government-issued currency notes and coins in circulation	13.0	13.0	-
Balance of the banking system	57.0	44.8	12.2
Exchange Fund Bills and Notes issued	1,335.1	1,383.7	(48.6)
Placements by banks and other financial institutions	71.7	72.1	(0.4)
Placements by Fiscal Reserves®	688.9	669.7	19.2
Placements by HKSAR Government funds and statutory bodies	273.8	391.1	(117.3)
Placements by subsidiaries	67.3	45.7	21.6
Other liabilities	<u>72.3</u>	<u>127.1</u>	<u>(54.8)</u>
<b>Total liabilities</b>	<b><u>3,214.2</u></b>	<b><u>3,346.1</u></b>	<b><u>(131.9)</u></b>
Accumulated surplus	936.1	734.0	202.1
Revaluation reserve	<u>1.1</u>	<u>0.9</u>	<u>0.2</u>
<b>Total equity</b>	<b><u>937.2</u></b>	<b><u>734.9</u></b>	<b><u>202.3</u></b>
<b>Total liabilities and equity</b>	<b><u>4,151.4</u></b>	<b><u>4,081.0</u></b>	<b><u>70.4</u></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\$193.0 billion at 31 December 2025 (HK\$202.7 billion at 31 December 2024).

® Including placements by the Future Fund of HK\$235.1 billion at 31 December 2025 (HK\$245.8 billion at 31 December 2024).

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## Historical Investment Income

(HK\$ billion)

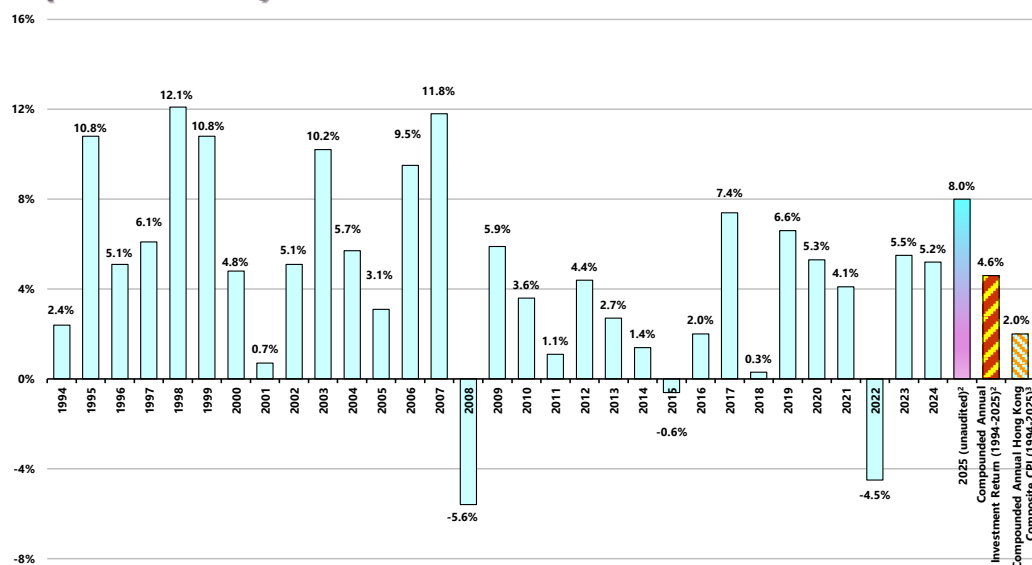
Year	Full Year	Q4	Q3	Q2	Q1
2006	103.8	36.0	37.1	12.5	18.2
2007*	142.2	33.4	61.8	26.3	20.7
2008*	(75.0)	8.3	(48.3)	(20.4)	(14.6)
2009*#	107.7	10.6	71.9	58.7	(33.5)
2010*#	79.4	5.9	74.5	(12.1)	11.1
2011*#	27.1	22.1	(41.4)	21.6	24.8
2012*#	111.6	30.3	42.4	(5.6)	44.5
2013*#	81.2	30.7	54.7	(23.3)	19.1
2014*#	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*#	226.0	120.1	(10.5)	8.4	108.0
2024*#	218.8	(20.3)	129.0	47.8	62.3
2025*# (unaudited)	331.0	46.2	70.8	134.8	79.2

\* Excluding valuation changes of the Strategic Portfolio.

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

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## Investment Return of The Exchange Fund (1994-2025)<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 2025. The audited full year return will be published in the 2025 annual report.

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

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# The Hong Kong Mortgage Corporation Limited

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## Mortgage Insurance Programme

- In 2025, around 15,800 applications were approved, representing a year-on-year decrease of 23%. Over 90% of approved applications were from first-time homebuyers (See Note below)
- From August 2024, eligible homeowners' applications for renting out their self-occupied properties may be approved on a case-by-case basis to help them meet special needs arising from changes in personal or family circumstances. About 2,530 applications have been approved as of 31 December 2025

Note: In mid-October 2024, the HKMA further adjusted its countercyclical macroprudential measures, setting the maximum loan-to-value (LTV) ratio for all residential properties at 70%. As banks could offer higher LTV ratios, the demand for the MIP coverage correspondingly decreased.

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## **SME Financing Guarantee Scheme (SFGS)**



- The Chief Executive's 2025 Policy Address announced that the application period for the 80% Guarantee Product under the SFGS would be extended for two years to the end of March 2028. The total loan guarantee commitment under the SFGS further increased by HK\$20 billion to HK\$310 billion, and the principal moratorium arrangement was extended for one year
- In 2025, around 5,800 applications (amounting to about HK\$13.5 billion) were approved under the 80% and 90% Guarantee Products, with a small year-on-year decline of 4%. Since the launch of the 80% and 90% Guarantee Products, around 48,100 applications have been approved as of the end of 2025, amounting to about HK\$158.3 billion

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## **Dedicated 100% Loan Guarantee Schemes**



- The scheme for battery electric taxis encourages taxi owners to replace their existing taxis with battery electric taxis
- In 2025, 534 applications were approved under the scheme, representing a growth of over four times and amounting to about HK\$170 million. Since the launch of the scheme in September 2023, 639 applications have been approved as of the end of 2025, amounting to about HK\$210 million

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## Reverse Mortgage Programme (RMP)



- In 2025, 937 applications were approved, representing a small year-on-year decrease of 9%
- Since the launch of the RMP in 2011, there have been 8,937 applications as of the end of 2025
  - Average age of borrowers: 69 years old
  - Average monthly payout: HK\$15,800
  - Payment terms: 10-year (20.8%); 15-year (14.0%); 20-year (11.4%); life (53.8%)
  - Average property value: HK\$5.5 million
  - Average property age: 32 years

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## HKMC Annuity Limited



Provisional business results:

	Since launch	2024	2025
<b>No. of policies</b>	47,088	10,835	16,519
<b>Total premium amount</b> (HK\$ billion)	27.4	4.4	9.0
<b>Average premium amount</b> (HK\$)	580,000	530,000*	610,000*

\* Adjusted for the split policy impact of the payout enhancement campaign

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