The Hong Kong Mortgage Corporation Limited

Lianhe Ratings Global Limited ("Lianhe Global") has affirmed 'AA+' global scale Long-term Issuer Credit Rating of The Hong Kong Mortgage Corporation Limited ("HKMC" or "the company"); Issuer Rating Outlook Stable

Summary	
Issuer Rating	AA+
Outlook	Stable
Location	Hong Kong
Industry	NBFI
Date	17 October 2025

Summary

The Issuer Credit Rating reflects a high possibility that the Government of the Hong Kong Special Administrative Region ("Hong Kong government") would provide very strong support to HKMC if needed, in light of its full ownership of HKMC, HKMC's strategic importance with strong policy role in promoting the stability of the banking sector, wider home ownership and the development of the local debt market and retirement planning market, and the linkage between the Hong Kong government and HKMC, including appointment of directors in HKMC's board of directors ("BOD") and the senior management, strategic alignment, major investment and financing plan decisions and ongoing government support, etc. In addition, the Hong Kong government may face significant negative impact on its reputation and financing activities if HKMC encounters any operational and financial difficulties.

The Stable Outlook reflects our expectation that HKMC's strategic importance would remain intact while the Hong Kong government will continue to ensure HKMC's stable operation.

Rating Rationale

Hong Kong Government's Ownership and Supervision: The Hong Kong government holds the full ownership of HKMC via the Exchange Fund. The Hong Kong government has strong supervision over the company. The Hong Kong government has a very broad representation in HKMC's BOD. All of the directors in HKMC's BOD and senior management were appointed by the Hong Kong government at end-2024.

Strategic Importance and Strategic Alignment: HKMC carries out important functions for the Hong Kong government, including the promotion of stability of the banking sector, wider home ownership and the development of local debt market and retirement planning market. HKMC acquired mortgage assets to provide liquidity to the market. In order to help potential homebuyers for their property purchase, HKMC offers the Mortgage Insurance Programme which forms an integral part of mortgage financing in Hong Kong. Also, in order to broaden and diversify HKMC's funding base and facilitate the development of local debt market, HKMC raised debts under its multi-currency Medium Term Note Programme. Therefore, HKMC has strong alignment with the Hong Kong government's strategic planning.

Given HKMC's close link with the Hong Kong government, any default by HKMC would materially endanger the continued provision of its services to the local economy and significantly impair the borrowing capacity of the Hong Kong government.

Ongoing Government Support: Hong Kong government provides strong and stable support to HKMC, as demonstrated by the capital injection of HKD12 billion in 2024, capital commitment for various guarantee schemes which are undertaken by HKMC but guaranteed by the government, as well as increasing Revolving Credit Facility to HKD80 billion from HKD30 billion in 2020.

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Applicable Criteria
Non-Bank Financial Institutions Criteria (21 November 2023)

Solid Capital Position with Prudent Risk Management Framework: HKMC recorded a healthy capital adequacy ratio of 19.9% in 2024, which provided HKMC a solid capital base for business development. Also, HKMC's asset quality remains high as the credit risk would eventually be borne by the Hong Kong government. HKMC mainly faces the market risks of interest rate risk and asset-liability maturity mismatch risk, which are mainly managed by the prudent use of financial instruments, duration gap and maturity gap.

Strong and Stable Liquidity and Funding: There was no drawdown under the Revolving Credit Facility in 2024. Moreover, HKMC has smooth accessibility to the financing channels, as demonstrated by the continued success and increasing debt issuance scale over the years. In 2024, HKMC issued debt securities in major currencies amounting to HKD103.5 billion.

Rating Sensitivities

We would consider downgrading HKMC's rating if (1) there is perceived weakening in support from the Hong Kong government, particularly due to its reduced strategic importance with diminished policy role or government functions, or (2) there is a significant reduction of the Hong Kong government's ownership of HKMC, or (3) there is a downgrade in our internal credit assessment on the Hong Kong government.

We would consider upgrading HKMC's rating if there is an upgrade in our internal credit assessment on the Hong Kong government.

Company Profile

Established in March 1997, HKMC is wholly owned by the Hong Kong government through the Exchange Fund. The missions of HKMC are to promote stability of the banking sector, wider home ownership, development of the local debt market and development of retirement planning market. HKMC has three wholly-owned subsidiaries, namely HKMC Insurance Limited, HKMC Annuity Limited and HKMC Mortgage Management Limited. HKMC's BOD had 12 directors at end-2024. All of them were duly appointed by the shareholder, namely the Hong Kong government.

HKMC mainly engages in the following businesses activities: 1) purchase portfolios of mortgages or loans secured on properties or other collaterals situated in Hong Kong, 2) issue debt securities to investors, 3) provide mortgage insurance cover to banks in respect of mortgage loans and reverse mortgage loans originated by such banks and secured on residential properties and other assets, 4) operate a platform for the Hong Kong government to provide financial guarantee cover to banks in respect of loans advanced to local non-listed enterprises, including small and medium enterprises, 5) purchase and co-finance infrastructure loans, and securitise the loans into marketable debt securities after accumulating a diversified infrastructure asset portfolio, and 6) offer life annuity products in or from Hong Kong.

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