

董事報告

Directors' Report

香港按揭證券有限公司(「本公司」)的董事局欣然提呈其報告及本公司(就本報告而言，連同其附屬公司及附屬企業，統稱「本集團」)截至二零一八年十二月三十一日止年度經審核的綜合財務報表(「財務報表」)。

主要業務

截至二零一八年十二月三十一日止年度內，本集團的主要業務包括：

- (a) 從有關批授人、發行人、擁有人或賣方，購買以位於香港的物業或其他抵押品作抵押的按揭或貸款組合，收購任何類別的債權證、應收款項、金融資產及據法權產；
- (b) 透過購買或其他方式，從政府部門和機構及相關組織、法定團體以及公營機構收購任何資產，並持有、出售、轉讓、處置及處理任何該等所收購的資產；
- (c) 向投資者發行債券；
- (d) 經營中央小型貸款平台以支援小型貸款；
- (e) 發展新設立的基建融資及證券化業務；
- (f) 受政府委託管理一個為參與的「認可機構」(根據《銀行業條例》的定義)借予本地非上市企業包括中、小型企業(「中小企」)的貸款提供融資擔保的計劃；
- (g) 為參與的貸款機構所批出以住宅物業和其他資產(如適用)作抵押的按揭貸款、安老按揭貸款及補地價貸款提供按揭保險；及
- (h) 在或從香港提供終身年金產品。

本集團其他成員截至二零一八年十二月三十一日止年度內的企業資料和主要業務，均載於財務報表附註22。

The Directors (**Directors**) of The Hong Kong Mortgage Corporation Limited (**Company**) have pleasure in presenting their report together with the audited consolidated financial statements of the Company (for the purpose of this report, together with its subsidiaries and subsidiary undertakings, **Group**) for the year ended 31 December 2018 (**Financial Statements**).

Principal Activities

The principal activities of the Group in the course of the year ended 31 December 2018 were:

- (a) to purchase portfolios of mortgages or loans secured on properties or other collateral situated in Hong Kong and to acquire debentures, receivables, financial assets and choses in action of all kinds from their originators, issuers, owners or vendors;
- (b) to acquire, by purchase or otherwise, any assets from government bodies and agencies and related organisations, statutory bodies and public bodies and to hold, sell, transfer, dispose of and deal in any such assets so acquired;
- (c) to issue debt securities to investors;
- (d) to operate a centralised microfinance platform to support microfinance loans;
- (e) to develop new business initiative on infrastructure financing and securitisation;
- (f) to operate a scheme for the Government providing guarantee on loans advanced by participating authorized institutions (**AIs**) (as defined in the Banking Ordinance) for local non-listed enterprises, including small and medium enterprises (**SMES**);
- (g) to provide mortgage insurance cover in respect of mortgage loans, reverse mortgage loans and loans for premium settlement originated by participating lenders and secured on residential properties and, if applicable, other assets; and
- (h) to offer life annuity products in or from Hong Kong.

The corporate information and principal activities of the other members of the Group in the course of the year ended 31 December 2018 are set out in Note 22 to the Financial Statements.

業務審視

1. 業務板塊

為完成其使命和社會目標，本集團年內以審慎商業原則運作，主要通過發展、實施並經營下列項目、計劃和業務，從事參與、安排及購買貸款、按揭保險和終身年金的業務活動。

購買按揭貸款計劃

本集團的使命之一，是透過提供可靠的流動資金來源，加強香港銀行業的穩定性。為完成此使命，本集團一直做好準備，以便隨時於核准賣方有需要減持資產套現時，從核准賣方買入按揭貸款和其他資產。年內，市場資金充裕，銀行出售資產套現的意欲偏低。

小型貸款計劃

推出小型貸款計劃，旨在以可負擔的息率提供貸款及給予輔助支援服務予有意創業、自僱或希望通過培訓、技能提升或考取專業資格自我增值的合資格人士。除非獲政府繼續委託及經董事局批准延續，該計劃將於二零一九年十二月期滿，其現有總貸款金額上限為2億港元。

Business Review

1. Business Segments

In the pursuit of its missions and social objectives, during the year, the Group operated on prudent commercial principles and engaged in business activities of loan participation, origination and acquisition, mortgage insurance and life annuity mainly through the development, implementation and operation of the programmes, schemes and business initiatives below.

Mortgage Purchase Programme (MPP)

One of the missions of the Group is to enhance the stability of the banking sector in Hong Kong by offering a reliable source of liquidity. To achieve this mission, the Group stands ready to purchase mortgage loans and other assets from approved sellers as and when they have the need to offload. With ample liquidity in the market during the year, there was low incentive for AIs to offload their assets.

Microfinance Scheme (MFS)

MFS is launched with the aim of offering loans at affordable rates and ancillary supporting services to eligible persons who wish to start their own businesses, become self-employed or achieve self-enhancement through training, upgrading of skills or obtaining professional certification. Subject to any extension as may be commissioned by the Government and approved by the Board of Directors, the MFS will expire in December 2019 and its current lending cap is HK\$200 million.

基建融資及證券化

年內，董事局批准了基建融資及證券化業務計劃，本集團亦成立了新設立的基建融資及證券化產品部，由富相關經驗的行內人士營運，專責發展此新業務。本集團自二零一九年起，依業務計劃按照審慎商業原則及在穩健的風險管理框架下營運此新業務。

環球基建融資市場資金缺口龐大並正逐漸擴闊，本集團可透過新設立的基建融資及證券化業務，善用其卓越的信貸評級、發行中長期債券融資的優勢，促進基建投融資活動，進一步履行促進銀行業界穩定和本地債券市場發展的公司使命。

中小企融資擔保計劃

中小企融資擔保計劃是一個由市場主導的貸款擔保計劃，通過為參與的貸款機構所批出的企業貸款提供五至七成擔保，協助本地非上市企業（包括中小企）應付經營業務及購置設備和資產的融資需求。此外，政府委託了本集團管理政府的特別優惠措施，旨在為參與的貸款機構向本地非上市企業所批出的貸款提供八成信貸擔保（「八成信貸擔保產品」）。以政府所提供總額高達1,000億港元的信貸擔保作後盾，本集團按審慎商業原則管理八成信貸擔保產品，並負責相關營運開支。

為進一步減輕本地中小企的財務負擔，協助中小企取得融資，尤其是外圍經濟環境及貿易表現於年內及可見將來並不明朗的情況下，政府於二零一八年十月宣佈，連續第七次延長八成信貸擔保產品的申請期，至二零一九年六月底，並就八成信貸擔保產品推出三項優化措施，由二零一八年十一月開始生效。該三項優化措施為：(a) 借款企業須付的擔保費年率減半；(b) 借

Infrastructure Financing and Securitisation (IFS)

During the year, the Board of Directors approved an IFS business plan, and a newly established IFS Division of the Group, manned with experienced industry professionals, was formed to develop this new business. The Group has started the new business since 2019 in accordance with the business plan based on prudent commercial principles and under a robust risk management framework.

The new IFS business will enable the Group to leverage its strong credit standing and medium-to-long term funding capability to further its mandates of promoting stability of banking sector and development of debt market in Hong Kong by facilitating infrastructure investment and financing flows against the enormous and widening funding gap in the international infrastructure financing market.

SME Financing Guarantee Scheme (SFGS)

SFGS is a market-based loan guarantee scheme providing 50% to 70% guarantee on loans advanced by participating lenders for assisting local non-listed enterprises (including SMEs) to meet their funding needs for working capital or acquisition of equipment and assets in support of their business operations. In addition, the Government has commissioned the Group to administer the Government's special concessionary measures which aim at providing 80% guarantee for loans advanced by participating lenders for local non-listed enterprises (**80% SFGS**). Backed by the Government's total guarantee commitment of up to HK\$100 billion, the Group administers the 80% SFGS on prudent commercial principles at its own cost.

To further relieve the financial burden of local SMEs and assist them to obtain financing, in particular, under the uncertain external economic environment and trade performance during the year and in the foreseeable future, the Government announced in October 2018 to extend the application period of the 80% SFGS for the seventh time consecutively to the end of June 2019, and to introduce three enhancements to the 80% SFGS with effect from mid November 2018. The three enhancements are: (a) reducing by half the annual guarantee fee rate payable by borrowers, (b)

款企業可得最高貸款額由1,200萬港元增加至1,500萬港元；及(c)貸款擔保期最長由五年延長至七年。年內，本集團向參與計劃貸款機構的營運團隊提供定期培訓課程，於中小企講座講解中小企融資擔保計劃，贊助香港中小型企業總商會舉辦國際中小企高峰論壇，以提高八成信貸擔保產品的使用率，令大眾對產品加深了解。

按揭保險計劃

推出按揭保險計劃，容許自置居所人士取得較高按揭成數，從而減輕其支付首期的負擔，目的是促進香港有更多自置居所。在該計劃下，本集團扮演保險公司的角色，為參與的認可機構批出的按揭貸款，當中超出香港金融管理局規定的貸款上限部分，提供按揭保險保障，並收取保費。自一九九九年三月推出以來，該計劃的公眾認受性日益提升。二零一八年，該計劃所批核的新提取按揭貸款總額為325億港元。

安老按揭計劃

推出安老按揭計劃，旨在給予自置居所業主新的財務安排選擇，藉此提升其退休生活素質。透過安老按揭，自置居所業主可以利用自住物業作為抵押品，從參與的貸款機構換取一筆過款項及/或於一段付款期內持續每月收取款項。在該計劃下，本集團主要擔當保險公司的角色，為參與的貸款機構所批出的安老按揭貸款，提供按揭保險保障，並收取保費。

本集團一直就安老按揭計劃推行重點教育活動，令該計劃的市場認受程度不斷提升。該業務錄得申請宗數於二零一八年穩步增長，較二零一七年增加7.5%。

raising the maximum facility amount available to borrowers from HK\$12 million to HK\$15 million, and (c) lengthening the maximum guarantee period from five years to seven years. During the year, the Group promoted more active use and public awareness of the 80% SFGS by providing regular training sessions to the operational teams of participating lenders, introducing the SFGS in SMEs seminars and sponsoring the World SME Summit organised by The Hong Kong General Chamber of Small and Medium Business.

Mortgage Insurance Programme (MIP)

MIP is launched with the aim of promoting home ownership in Hong Kong by enabling high loan-to-value financing for homebuyers to reduce their down payment burden. Under the MIP, the Group acts as insurer to provide mortgage insurance cover for a premium on mortgage loans advanced by participating AIs in excess of the lending limits imposed by the Hong Kong Monetary Authority. Since the inception in March 1999, the MIP has gained increasing public receptiveness. In 2018, the total amount of mortgage loans drawn down under the MIP was HK\$32.5 billion.

Reverse Mortgage Programme (RMP)

RMP is launched with the aim of providing homeowners with a new financial planning option to enhance their quality of life on retirement. Through reverse mortgage, homeowners could use their self-use residential properties as collateral in return for lump-sum payouts and/or a stream of monthly payouts from participating lenders over a payment term. Under the RMP, the Group mainly acts as insurer to provide mortgage insurance cover for a premium on reverse mortgage loans advanced by participating lenders.

With the Group's ongoing and focused educational initiatives on the RMP, market receptiveness of the RMP has grown continuously. The business recorded a steady growth in the number of RMP applications received in 2018 by 7.5% as compared to 2017.

補價易貸款保險計劃

推出補價易貸款保險計劃，旨在協助資助出售房屋業主補地價，藉此促進資助房屋租售市場的發展。物業補地價後，其轉讓限制得以解除，業主可以在公開市場出售或出租其單位。在該計劃下，本集團擔當保險公司的角色，為參與的貸款機構所批出主要用於補地價的一筆過貸款，提供按揭保險保障，並收取保費。該計劃現時覆蓋香港房屋委員會轄下的居者有其屋計劃、私人機構參建屋計劃和租者置其屋計劃及香港房屋協會轄下的住宅發售計劃和夾心階層住屋計劃中的資助出售房屋。

香港年金計劃

推出香港年金計劃（「**年金計劃**」），旨在幫助市民進行退休理財規劃，並促進本地年金市場發展。年金計劃提供另一退休理財方案，替長者將一筆過現金轉化為終身每月定額收入。在年金計劃下，本集團擔當保險公司的角色，銷售及批出年金保單並收取保費。

年金計劃於二零一八年七月首次推行，並接獲9,410宗認購意向登記，意向認購總額約49.4億港元。回應市場意見，年金計劃於二零一八年十二月再次推售，並同步推出優化措施，加強財務保障，產品特性更靈活，不設申請期限，可隨時投保。於二零一八年，年金計劃共批出5,422份保單，所收保費總額約28億港元，平均每份保單收得保費金額約513,000港元。

Premium Loan Insurance Scheme (PLIS)

PLIS is launched with the aim of facilitating owners of subsidised sale flats to settle the land premium, thus promoting the for-rent or sale market of subsidised housing. After settling the land premium, the alienation restriction is removed and the owners may sell or let their flats in the open market. Under the PLIS, the Group acts as insurer to provide mortgage insurance cover for a premium on lump-sum loans advanced by participating lenders primarily for land premium settlement. PLIS currently covers subsidised sale flats under the Home Ownership Scheme, the Private Sector Participation Scheme and the Tenants Purchase Scheme of the Hong Kong Housing Authority, as well as the Flat-for-Sale Scheme and the Sandwich Class Housing Scheme of the Hong Kong Housing Society.

HKMC Annuity Plan (Plan)

The Plan is launched with the aim of facilitating retirement planning and promoting the development of the local annuity market. The Plan provides an alternative retirement financial solution, and helps the elderly turn their lump sum cash into a stream of fixed monthly income for life. The Group acts as insurer to offer and issue annuity policies for a premium under the Plan.

The inaugural launch of the Plan took place in July 2018, and recorded 9,410 registrations of subscription intention for a total subscription amount of around HK\$4.94 billion. In response to market feedback, the second launch took place in December 2018 with enhancements to the Plan offering greater financial protection, more flexible product features and an open application period to allow policy purchase at any time. In 2018, a total of 5,422 policies were issued under the Plan with a total premium receipt of around HK\$2.8 billion and an average premium receipt of around HK\$513,000 for each policy.

2. 市場環境

全球經濟於二零一八年繼續增長，但至下半年增長動力開始減弱。中美兩國的貿易摩擦令全球經濟氛圍受壓，對國際貿易活動的流向及投資活動的影響日益增加。在此背景下，加上美國及其他主要經濟體的貨幣政策正常化持續推進，令全球市場波動加劇。隨著全球經濟增長減速及中美貿易緊張局勢的影響逐漸浮現，許多亞洲經濟體的增長在下半年放慢。

香港方面，本地經濟於下半年雖然顯著放緩，但在二零一八年整體仍能再一年錄得高於趨勢的增長。經本地息口略為調高，加上政府宣佈多項措施及政策增加土地及樓宇供應，暢旺的香港住宅物業市場近年尾時有所整固。

2. Market Environment

Global economic growth continued into 2018 but started to lose momentum in the second half of the year. The trade conflict between the US and China weighed on economic sentiments around the world, and its impacts on international trade flows and investment activities were increasingly felt. Against this backdrop, global market volatility was heightened along with ongoing monetary policy normalisation in the US as well as across other major economies. Growth momentum in many Asian economies slowed in the second half of the year, as the impact of moderating global economic growth and the US-China trade tension gradually surfaced.

In Hong Kong, despite that the local economy decelerated visibly in the second half of the year, we still managed to record another year of above-trend growth for 2018 as a whole. Following a moderate local interest rate hike and the Government's announcement of numerous initiatives and policies to increase land and housing supply, the buoyant residential property market in Hong Kong consolidated somewhat towards the year end.

3. 財務表現

股東應佔溢利為1.27億港元(二零一七年：8.06億港元)，股東資金回報率為0.9%(二零一七年：8.6%)。盈利下跌主要反映本公司的全資附屬公司香港年金有限公司(「年金公司」)的年金業務，基於精算假設而為維持審慎的法定儲備產生會計虧損，於二零一八年再無二零一七年所錄得的一次性出售投資所得，主要因重估美元現金及債券投資所得的匯兌收益減少，以及支持政策而投放業務資源。儘管年金公司錄得虧損，但其年金業務於二零一八年年底的內含價值(即權益總額與預期將來利潤現值總和)約為52億港元，顯示該業務長遠而言應有盈利。本集團的財務表現綜合如下：

3. Financial Performance

Profit attributable to shareholders was HK\$127 million (2017: HK\$806 million) and the return on shareholders' equity was 0.9% (2017: 8.6%). The decrease in profitability mainly reflected the accounting loss due to the annuity business of HKMC Annuity Limited (**HKMCA**), a wholly-owned subsidiary of the Company, for maintaining prudent statutory reserves based on actuarial assumptions, the non-recurrence in 2018 of a one-off investment disposal gain in 2017, the decrease in exchange gains mainly arising from the revaluation of US dollar exposures in cash and debt investments, and resources utilised for supporting certain policy initiatives. Notwithstanding the reported loss on the HKMCA, the embedded value (i.e. the sum of total equity and the present value of future profits) of the HKMCA's annuity business at the end of 2018 was about HK\$5.2 billion, indicating that the business should be profitable in the long term. A summary of the Group's financial performance is set out below.

		二零一八年 ⁴ 2018 ⁴	二零一七年 2017
股東應佔溢利(百萬港元)	Profit attributable to shareholders (HK\$ million)	127	806
股東資金回報率 ¹	Return on shareholders' equity ¹	0.9%	8.6%
成本對收入比率 ²	Cost-to-income ratio ²	86.0%	26.8%
資本充足率 ³	Capital adequacy ratio ³	26.8%	21.0%

1 股東資金回報率的計算方法，為股東應佔溢利除以權益持有人應佔股本及儲備的十二個月的月底平均結餘額。

2 成本對收入比率的計算方法，為經營支出除以經營收入、申索產生淨額、已付利益、保單持有人負責變動、佣金支出淨額及徵費支出的總和。

3 資本充足率的計算方法，為資本基礎對信貸風險、市場風險和營運風險的加權風險總和的比率。

4 為方便與二零一七年的數字比較，股東應佔溢利作出調整以扣除年金公司的業績。因此，經調整的股東應佔溢利、經調整的股東資金回報率和經調整的成本對收入比率依次為5.15億港元、5.1%及36.7%。

1 Return on shareholders' equity is calculated by dividing profit attributable to shareholders with the average of twelve month-end balances of capital and reserves attributable to equity holders.

2 Cost-to-income ratio is calculated by dividing operating expenses with the sum of operating income, net claims incurred, benefits paid, movement in policyholders' liabilities, and net commission and levy expenses.

3 Capital adequacy ratio is calculated as the ratio of the capital base to the sum of the risk-weighted amount for credit risk, market risk and operational risk exposures.

4 For better comparison with the figures for 2017, profit attributable to shareholders would be adjusted to exclude the results of the HKMCA. Accordingly, the adjusted profit attributable to shareholders, the adjusted return on shareholders' equity and the adjusted cost-to-income ratio would be HK\$515 million, 5.1% and 36.7% respectively.

本集團二零一八年的收益表主要項目摘要如下：

- (a) 全年淨利息收入增加2,800萬港元至5.36億港元，主要由於預先籌措具成本效益的資金，惟有部份因到期及提早償還貸款使平均貸款組合減少而予以抵銷；
- (b) 按揭保險淨保費收入為2.22億港元（二零一七年：1.96億港元）；
- (c) 年金業務的保險相關業績淨額（即已滿期保費淨額、申索產生淨額、已付利益、保單持有人負債變動及佣金和徵費支出的總和）錄得5.50億港元虧損（二零一七年：無），主要是因為基於精算假設所需而維持審慎的法定儲備，而資本及已收保費存放於外匯基金所得的投資回報則歸於其他收入項下；
- (d) 其他收入為2.50億港元（二零一七年：4.14億港元），主要是來自存放於外匯基金所得的投資收益1.85億港元（二零一七年：無）及股息收入5,900萬港元（二零一七年：8,300萬港元）；及
- (e) 經營支出上升35.5%至4.12億港元，升幅較預算為少，主要是由於推出年金業務。

Key items in the Group's income statement for 2018 are highlighted as follows:

- (a) net interest income for the year increased by HK\$28 million to HK\$536 million, mainly due to cost-effective pre-funding, partially set off by the reduction of average loan portfolio as a result of loan repayment and prepayment;
- (b) net mortgage insurance premiums earned were HK\$222 million (2017: HK\$196 million);
- (c) net insurance-related results for annuity business (i.e. the sum of net premiums earned, net claims incurred, benefits paid, movement in policyholders' liabilities, and commission and levy expenses) recorded a loss of HK\$550 million (2017: nil), mainly attributable to the prudent statutory reserves based on actuarial assumptions, whereas investment returns on capital and premiums placed with the Exchange Fund were booked to other income;
- (d) other income was HK\$250 million (2017: HK\$414 million), mainly representing investment income of HK\$185 million (2017: nil) from placements with the Exchange Fund, and dividend income of HK\$59 million (2017: HK\$83 million); and
- (e) operating expenses rose by 35.5% to HK\$412 million, less than budget, largely attributable to the implementation of annuity business.

4. 財務狀況

於二零一八年十二月三十一日，本集團的資產總值合共625億港元。本集團財務狀況的主要變動如下：

- (a) 現金及短期資金增加41億港元至294億港元，主要是由於審慎預先籌措資金及貸款組合減少；
- (b) 投資組合微降2億港元至172億港元，當中5億港元投資於分類為以公平值變化計入損益投資的交易所買賣債券基金及房地產信託投資基金，分類為按攤銷成本投資的債務投資有115億港元，而分類為以公平值變化計入其他全面收益投資的債務投資有51億港元；
- (c) 外匯基金存款為77億港元，為年金公司的資本及已收保費投資；
- (d) 貸款組合下降14億港元至64億港元；
- (e) 未贖回債券總額增加25億港元至373億港元；
- (f) 保險負債為46億港元（二零一七年：11億港元），主因是增加了由年金業務所引起的保險負債；
- (g) 權益持有人應佔股本及儲備增加51億港元至149億港元，主要反映外匯基金於二零一八年四月為營運年金業務注資50億港元；及
- (h) 資產負債表外的主要風險，為按揭保險計劃和安老按揭計劃所承擔的風險。本集團就按揭保險計劃在轉移風險給核准再保險公司後所承擔的剩餘風險，以及就安老按揭計劃所承擔的風險，分別為197億港元（二零一七年：176億港元）及96億港元（二零一七年：69億港元）。

4. Financial Position

As at 31 December 2018, total assets of the Group amounted to HK\$62.5 billion. Key changes in the Group's financial position are as follows:

- (a) cash and short-term funds increased by HK\$4.1 billion to HK\$29.4 billion, mainly due to prudent pre-funding and rundown in loan portfolio;
- (b) investment portfolio slightly reduced by HK\$0.2 billion to HK\$17.2 billion, representing a total investment of HK\$0.5 billion in exchange-traded bond funds and in real estate investment trusts classified as investments at fair value through profit or loss, and debt investments of HK\$11.5 billion classified as amortised cost investments and of HK\$5.1 billion classified as investments at fair value through other comprehensive income;
- (c) placements with the Exchange Fund was HK\$7.7 billion as capital and premium investments of the HKMCA;
- (d) loan portfolio recorded a rundown of HK\$1.4 billion to HK\$6.4 billion;
- (e) outstanding balance of debt securities issued increased by HK\$2.5 billion to HK\$37.3 billion;
- (f) insurance liabilities were HK\$4.6 billion (2017: HK\$1.1 billion), primarily due to the increase in insurance liabilities for annuity business;
- (g) capital and reserves attributable to equity holders increased by HK\$5.1 billion to HK\$14.9 billion, mainly reflecting the share capital injection of HK\$5 billion by the Exchange Fund in April 2018 for the operation of annuity business; and
- (h) major off-balance sheet exposures were risk-in-force of the MIP and of the RMP. Exposures borne by the Group for the MIP after ceding to the approved reinsurers and for the RMP were respectively HK\$19.7 billion (2017: HK\$17.6 billion) and HK\$9.6 billion (2017: HK\$6.9 billion).

5. 資本管理

年內，為確保本集團按資本金的比例擴展其業務及資產負債表時不會產生過度風險，本集團嚴密監控資本充足程度及資金運用，並遵守財政司司長參照巴塞爾協定II以風險為本的資本充足框架下所發出的資本充足率指引（「指引」）。

根據指引，資本充足率的計算乃跟隨財務匯報的綜合基準，但扣除本公司受規管的附屬公司（即香港按揭保險有限公司（「按揭保險公司」））和年金公司，兩者均受保險業監管局規管的獲授權保險人，須遵守各自有關維持充足資本的法定要求）。

撇除兩間不予綜合的受規管附屬公司的投資成本後，本集團於二零一八年十二月三十一日的資本充足率保持26.8%的穩健水平，遠高於指引規定的8%最低比率。於二零一八年十二月三十一日，按揭保險公司和年金公司各自的償付能力充足率依次約為42倍及34倍，遠高於保險業監管局分別規定不低於200%和150%的法定要求。

6. 本集團面對的主要風險及不明朗因素

本集團所面對的風險，為透過購買按揭貸款、按揭保險、商業貸款擔保、零售貸款融資與資本投資所得的貸款和投資組合產生的信貸風險。本集團亦於安老按揭及相關業務中面對利率、樓價及長壽風險。自二零一八年推出新設立的年金業務以來，本集團亦另外承受長壽、市場及流動資金風險。此外，本集團因促進業務營運亦面對市場風險，主要是利率風險及資產負債期滿錯配風險。

截至二零一八年十二月三十一日止年度內，所面對的風險與財務風險管理載列於財務報表附註4。

5. Capital Management

During the year, to ensure that the Group would not incur excess risk when expanding its business and balance sheet in proportion to its capital base, the Group closely monitored capital adequacy and use of capital, and complied with the Guidelines on Capital Adequacy Ratio (**Guidelines**) issued by the Financial Secretary with reference to Basel II risk-based capital adequacy framework.

In accordance with the Guidelines, the calculation of capital adequacy ratio (**CAR**) follows the basis of consolidation for financial reporting with the exclusion of regulated subsidiaries of the Company (i.e. HKMC Insurance Limited (**HKMCI**) and the HKMCA, both being authorized insurers regulated by the Insurance Authority and subject to respective statutory requirements for maintaining adequate capital).

After excluding the investment cost of these two unconsolidated regulated subsidiaries, the CAR of the Group remained solid at 26.8% as at 31 December 2018, well above the minimum ratio of 8% stipulated in the Guidelines. The respective solvency ratios of the HKMCI and the HKMCA as at 31 December 2018 were about 42 times and 34 times, well above the respective 200% and 150% minimum statutory requirements stipulated by the Insurance Authority.

6. Principal Risks and Uncertainties facing the Group

The Group is exposed to the credit risk of its loan and investment portfolios through mortgage purchase, mortgage insurance, commercial loan guarantee, funding of retail loans and capital investment. The Group is also exposed to interest rate, property price and longevity risks under the reverse mortgage and related business. Additional exposures in longevity, market and liquidity risks have been put on since the Group's launch of its new annuity business in 2018. Furthermore, the Group assumes market risk, mainly the interest rate risk and the asset-liability maturity mismatch risk, for facilitating the business operation.

The risk exposures and the financial risk management during the year ended 31 December 2018 are set out in Note 4 to the Financial Statements.

7. 本集團的環境政策與表現

年內，本集團繼續支持及實施種種環保措施，務求締造一個更環保的辦公室，並且在減少廢棄與珍惜能源方面加強員工意識。

8. 本集團對其業務有重要影響的相關法律與法規的合規情況

《保險業條例》

年內，本集團一直保持《保險業條例》下可經營保險業務的獲授權保險人身份。

《放債人條例》

年內，本集團按其營運所需，一直保持《放債人條例》相關條文的豁免。

9. 二零一八年終結後發生的、對本集團有影響的重要事件詳情

財政司司長於二零一九至二零二零年度財政預算案中公佈，延續八成信貸擔保產品的申請期至二零二零年六月底，同時為八成信貸擔保產品增設本業務審視上文第1分節所述的三項優化措施。儘管延續、優化八成信貸擔保產品及發展新業務或會增加本集團的相關營運成本，本集團將在八成信貸擔保產品營運上繼續全力支持政府，並發展新業務，以促成其核心使命和社會目標。有關任何其他相關重要事件，請亦參閱財務報表附註34。

7. The Group's Environmental Policies and Performance

During the year, the Group continued to support and implement various green measures to create a more environmentally friendly office and to raise employees' awareness of methods of waste reduction and energy conservation.

8. The Group's Compliance with Relevant Laws and Regulations that have a Significant Impact on the Group

Insurance Ordinance

During the year, the Group maintained the status of authorized insurer to operate insurance business under the Insurance Ordinance.

Money Lenders Ordinance

During the year, the Group maintained exemptions from the relevant provisions of the Money Lenders Ordinance as required for the Group's operations.

9. Particulars of Important Events affecting the Group that have occurred since end 2018

The Financial Secretary announced in the 2019-20 Budget that the application period of the 80% SFGS would be extended to the end of June 2020 together with the three enhancements to the 80% SFGS as mentioned in sub-section 1 above of this Business Review. Notwithstanding the extension and enhancement of the 80% SFGS and the development of the new businesses may increase the related operating costs of the Group, the Group will continue to render full support to the Government in administering the 80% SFGS and to develop the new businesses in the pursuit of its core missions and social objectives. Please also refer to Note 34 to the Financial Statements for any other relevant important events.

10. 本集團業務相當可能有的未來發展的揭示

本集團將繼續探索現行項目與計劃的優化機會及任何新業務計劃的可行性，並繼續執行基建融資及證券化業務計劃，務求滿足香港社會的需要，完成其核心使命。此外，本集團將繼續維持其審慎的預先籌措資金策略，隨時準備為有需要的本地銀行業界提供流動資金。

11. 本集團與其僱員及對本集團有重要影響且本集團賴以成功的交易對手的重要關係

僱員

年內，本集團一直為僱員提供具競爭力的薪酬福利、事業前景、發展機會以及健康安全的工作環境。儘管本集團的營運範圍擴大且所提供的產品漸趨繁複，但透過系統自動化和流程改革，本集團堅守着精簡、有效率的人力運用。

本集團重視員工職訓，為不斷提升員工的專業知識與技能而投放了大量資源。所有新入職員工均獲提供導引課程，協助其掌握本集團的組織架構、使命、功能與政策等基礎知識。

截至二零一八年十二月三十一日，本集團的固定僱員編制為309人(二零一七年：261人)，員工流失率為8.92%(二零一七年：8.85%)。

交易對手

截至二零一八年十二月三十一日，就其貸款與保險組合，本集團在購買按揭貸款計劃下，共有34間核准賣方與32間核准管理供款機構；在按揭保險計劃下，共有7間核准再保險公司；在小型貸款計劃下，共有4間非政府機構。此外，按揭保險計劃下共有23間參與的貸款機構，而安老按揭計劃則有9間，補價易貸款保險計劃有8間，小型貸款計劃有5間，中小企融資擔保計劃有30間。年金業務方面，截至年底，年金計劃有20間代理銀行。

10. Indication of Likely Future Developments in the Group's Business

The Group will continue to explore enhancement opportunities for current programmes and schemes, and the feasibility of any new business initiatives, and to carry out the IFS business plan, to cater for the needs of the Hong Kong community with a view to attaining its core missions. In addition, the Group will continue to maintain its prudent pre-funding strategy to stand ready to provide liquidity to the local banking sector when needed.

11. The Group's Key Relationships with Its Employees and Counterparties that have a Significant Impact on the Group and on which the Group's Success Depends

Employees

During the year, the Group continued to provide employees with competitive remuneration packages and fringe benefits, a promising career path and development opportunities, and a healthy and safe working environment. Through system automation and process re-engineering, the Group maintained a lean and efficient workforce, despite an increase in the scope of operations and the complexity of the products it offered.

The Group recognised the importance of ongoing staff training and had devoted considerable resources to the continuing enhancement of its employees' professional knowledge and skills. All new employees were provided with an induction session to provide them with a foundation of knowledge about the Group's organisational structure, missions, functions and policies.

As at 31 December 2018, the permanent staff establishment of the Group was 309 (2017: 261) and the staff turnover rate was 8.92% (2017: 8.85%).

Counterparties

With respect to its loan and insurance portfolios, as at 31 December 2018, the Group maintained a panel of 34 approved sellers and 32 approved servicers under the MPP, 7 approved reinsurers under the MIP as well as 4 non-governmental organisations under the MFS. In addition, there were 23 participating lenders under the MIP, 9 under the RMP, 8 under the PLIS, 5 under the MFS and 31 under the SFGS. In relation to the annuity business, there were 20 agent banks for the Plan at the end of the year.

債券

截至二零一八年十二月三十一日止年度內，本公司透過其60億美元多種貨幣中期債券發行計劃，發行了面值總額341億港元的債券，實收款項約340億港元。本年度發行債券所得款項均用作本集團的一般營運資金。本集團債券發行與贖回活動的概要載於財務報表附註28。

股息

考慮到業務發展的資金需求，董事局建議二零一八年不宣派股息(二零一七年：無)。

董事

年內或由年終至本報告的日期間且在即將舉行的本公司股東週年大會前的董事名單如下：

陳茂波先生 大紫荊勳賢 GBS MH JP
主席兼執行董事

陳德霖先生 GBS JP
副主席兼執行董事

余偉文先生 JP
執行董事

李令翔先生 JP
執行董事兼總裁

林健鋒先生 GBS JP
非執行董事

劉怡翔先生 JP
非執行董事(於二零一八年四月十九日獲委任)

陳帆先生 JP
非執行董事(於二零一八年四月十九日獲委任)

DEBT SECURITIES

The Company issued notes with a total nominal value of HK\$34.1 billion under its multi-currency US\$6 Billion Medium Term Note Programme for a consideration of around HK\$34 billion during the year ended 31 December 2018. The proceeds of the notes issued during the year were used for the purpose of providing general working capital for the Group. A summary of the debt securities issuance and redemption activities of the Group is set out in Note 28 to the Financial Statements.

DIVIDEND

Having considered the capital requirements for the business development, Directors recommended that no dividend be declared for 2018 (2017: Nil).

DIRECTORS

Persons who served as Directors during the year or during the period beginning with the end of the year and ending on the date of this report, but preceding the forthcoming annual general meeting of the Company, are as follows:

The Hon. Paul CHAN Mo-po, GBM, GBS, MH, JP
Chairman and Executive Director

Mr Norman CHAN Tak-lam, GBS, JP
Deputy Chairman and Executive Director

Mr Eddie YUE Wai-man, JP
Executive Director

Mr Raymond LI Ling-cheung, JP
Executive Director and Chief Executive Officer

The Hon. Jeffrey LAM Kin-fung, GBS, JP
Non-Executive Director

The Hon. James Henry LAU Jr., JP
Non-Executive Director (appointed on 19 April 2018)

The Hon. Frank CHAN Fan, JP
Non-Executive Director (appointed on 19 April 2018)

張國鈞先生 JP
非執行董事

郭榮鏗先生
非執行董事

黃玉山教授 SBS BBS JP
非執行董事

陳家強教授 GBS JP
非執行董事

施文信先生 GBS JP
非執行董事

王桂壘先生 BBS JP
非執行董事

馮婉眉女士 BBS JP
非執行董事

張亮先生
非執行董事

黃舜芬女士 (又名趙黃舜芬女士)
非執行董事 (於二零一八年五月二十三日獲委任)

吳亮星先生 SBS JP
非執行董事 (於二零一八年四月十三日退任)

郭珮芳女士
非執行董事 (於二零一八年四月十三日退任)

龔楊恩慈女士
非執行董事 (於二零一八年四月十三日退任)

藍玉權先生
非執行董事 (於二零一八年四月十三日退任)

LEE Huat-oon 先生
非執行董事 (於二零一八年四月十三日退任)

The Hon. Horace CHEUNG Kwok-kwan, JP
Non-Executive Director

The Hon. Dennis KWOK Wing-hang
Non-Executive Director

Professor WONG Yuk-shan, SBS, BBS, JP
Non-Executive Director

Professor CHAN Ka-keung Ceajer, GBS, JP
Non-Executive Director

Mr Thomas Brian STEVENSON, GBS, JP
Non-Executive Director

Mr Albert WONG Kwai Huen, BBS, JP
Non-Executive Director

Ms Anita FUNG Yuen-mei, BBS, JP
Non-Executive Director

Mr Leong CHEUNG
Non-Executive Director

Ms Estella WONG Sheun-fun (alias Mrs CHIU, Estella Sheun-fun)
Non-Executive Director (appointed on 23 May 2018)

Mr NG Leung-sing, SBS, JP
Non-Executive Director (retired on 13 April 2018)

Ms Miranda KWOK Pui-fong
Non-Executive Director (retired on 13 April 2018)

Mrs Ann KUNG YEUNG Yun-chi
Non-Executive Director (retired on 13 April 2018)

Mr Lawrence LAM Yuk-kun
Non-Executive Director (retired on 13 April 2018)

Mr LEE Huat-oon
Non-Executive Director (retired on 13 April 2018).

根據本公司的公司章程細則第109條，所有非執行董事應於即將舉行的股東週年大會上退任，惟可參選連任。

除上述董事外，年內或由年終至本報告的日期間，本集團其他成員的董事局成員為：陳德霖先生、余偉文先生、李令翔先生、張亮先生、黃舜芬女士(又名趙黃舜芬女士)、劉應彬先生、梁靜嫻女士、鮑克運先生(已辭任)、鄭文信先生、廖志強先生、鄭鑾銓先生、張少慧女士、沈施加美女士(亦為盧綺霞女士的候補董事)、盧綺霞女士(亦為沈施加美女士的候補董事)、Intertrust Directors (Cayman) Limited及金栢利秘書服務有限公司。

獲准許的彌償條文

惠及董事的獲准許的彌償條文(根據《公司條例》定義)在截至二零一八年十二月三十一日止年度內有效，且截至本報告的日期亦仍然有效。

董事於交易、安排或合約中的重大利害關係

截至二零一八年十二月三十一日止年度內，不存在亦不曾訂立本集團任何成員作為一方、對本公司業務屬重要的、且年內曾為董事的人士或其有關連實體(根據《公司條例》定義)在當中有直接或間接重大利害關係的任何交易、安排和合約。

In accordance with Article 109 of the Company's Articles of Association, all those Directors who are not Executive Directors shall retire but shall be eligible for re-election at the forthcoming annual general meeting.

Other than the Directors named above, persons who served on the boards of the other members of the Group during the year or during the period beginning with the end of the year and ending on the date of this report are Mr Norman CHAN Tak-lam, Mr Eddie YUE Wai-man, Mr Raymond LI Ling-cheung, Mr Leong CHEUNG, Ms Estella WONG Sheun-fun (alias Mrs CHIU, Estella Sheun-fun), Mr LAU Ying-pan, Ms LEUNG Ching-han, Mr POU Hak-wan (resigned), Mr Mansion CHENG Man-shun, Mr LIU Chi-keung, Mr Desmond CHENG Kam-chuen, Ms CHEUNG, Feliciana Siu Wai, Mrs SENG SZE Ka Mee Natalia (and also served as Alternate Director to Ms LO Yee Har Susan), Ms LO Yee Har Susan (and also served as Alternate Director to Mrs SENG SZE Ka Mee Natalia), Intertrust Directors (Cayman) Limited and Company Kit Secretarial Services Limited.

PERMITTED INDEMNITY

A permitted indemnity provision (as defined in the Companies Ordinance) for the benefit of the Directors was in force during the year ended 31 December 2018 and is in force as at the date of this report.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

At no time during the year ended 31 December 2018, there subsisted or entered into any transaction, arrangement or contract of significance in relation to the Company's business, to which any member of the Group was a party, and in which any person who was a Director at any time during the year or a connected entity (as defined in the Companies Ordinance) of any such person had, directly or indirectly, a material interest.

核數師

財務報表已由羅兵咸永道會計師事務所審核。羅兵咸永道會計師事務所將於本公司即將舉行的股東週年大會上退任，並在符合資格的情況下將參選連任。

承董事局命

陳茂波

主席兼執行董事

香港

二零一九年四月三十日

AUDITOR

The Financial Statements have been audited by PricewaterhouseCoopers who will retire, and, being eligible, will offer themselves for reappointment, at the forthcoming annual general meeting of the Company.

On behalf of the Board of Directors

Chan Mo-po, Paul

Chairman and Executive Director

Hong Kong

30 April 2019