

董事报告

Directors' Report

香港按揭证券有限公司(「本公司」)的董事局欣然提呈其报告及本公司(就本报告而言,连同其附属公司及附属企业,统称「本集团」)截至二零一八年十二月三十一日止年度经审核的综合财务报表(「财务报表」)。

主要业务

截至二零一八年十二月三十一日止年度内,本集团的主要业务包括:

- (a) 从有关批授人、发行人、拥有人或卖方,购买以位于香港的物业或其他抵押品作抵押的按揭或贷款组合,收购任何类别的债权证、应收款项、金融资产及据法权产;
- (b) 透过购买或其他方式,从政府部门和机构及相关组织、法定团体以及公营机构收购任何资产,并持有、出售、转让、处置及处理任何该等所收购的资产;
- (c) 向投资者发行债券;
- (d) 经营中央小型贷款平台以支援小型贷款;
- (e) 发展新设立的基建融资及证券化业务;
- (f) 受政府委托管理一个为参与的「认可机构」(根据《银行业条例》的定义)借予本地非上市企业包括中、小型企业(「中小企」)的贷款提供融资担保的计划;
- (g) 为参与的贷款机构所批出以住宅物业和其他资产(如适用)作抵押的按揭贷款、安老按揭贷款及补地价贷款提供按揭保险;及
- (h) 在或从香港提供终身年金产品。

本集团其他成员截至二零一八年十二月三十一日止年度内的企业资料和主要业务,均载于财务报表附注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.

业务审视

1. 业务板块

为完成其使命和社会目标，本集团年内以审慎商业原则运作，主要通过发展、实施并经营下列项目、计划和业务，从事参与、安排及购买贷款、按揭保险和终身年金的业务活动。

购买按揭贷款计划

本集团的使命之一，是透过提供可靠的流动资金来源，加强香港银行业的稳定性。为完成此使命，本集团一直做好准备，以便随时于核准卖方有需要减持资产套现时，从核准卖方买入按揭贷款和其他资产。年内，市场资金充裕，银行出售资产套现的意欲偏低。

小型贷款计划

推出小型贷款计划，旨在以可负担的息率提供贷款及给予辅助支援服务予有意创业、自雇或希望通过培训、技能提升或考取专业资格自我增值的合资格人士。除非获政府继续委托及经董事局批准延续，该计划将于二零一九年十二月期满，其现有总贷款金额上限为2亿港元。

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.

基建融资及证券化

年内，董事局批准了基建融资及证券化业务计划，本集团亦成立了新设立的基建融资及证券化产品部，由富相关经验的行内人士营运，专责发展此新业务。本集团自二零一九年起，依业务计划按照审慎商业原则及在稳健的风险管理框架下营运此新业务。

环球基建融资市场资金缺口庞大并正逐渐扩阔，本集团可透过新设立的基建融资及证券化业务，善用其卓越的信贷评级、发行中长期债券融资的优势，促进基建投融资活动，进一步履行促进银行业界稳定和本地债券市场发展的公司使命。

中小企融资担保计划

中小企融资担保计划是一个由市场主导的贷款担保计划，通过为参与的贷款机构所批出的企业贷款提供五至七成担保，协助本地非上市企业（包括中小企）应付经营业务及购置设备和资产的融资需求。此外，政府委托了本集团管理政府的特别优惠措施，旨在为参与的贷款机构向本地非上市企业所批出的贷款提供八成信贷担保（「八成信贷担保产品」）。以政府所提供总额高达1,000亿港元的信贷担保作后盾，本集团按审慎商业原则管理八成信贷担保产品，并负责相关营运开支。

为进一步减轻本地中小企的财务负担、协助中小企取得融资，尤其是外围经济环境及贸易表现于年内及可见将来并不明朗的情况下，政府于二零一八年十月宣布，连续第七次延长八成信贷担保产品的申请期，至二零一九年六月底，并就八成信贷担保产品推出三项优化措施，由二零一八年十一月一日起开始生效。该三项优化措施为：(a) 借款企业须付的担保费率减半；(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)

款企业可得最高贷款额由1,200万港元增加至1,500万港元；及(c)贷款担保期最长由五年延长至七年。年内，本集团向参与计划贷款机构的营运团队提供定期培训课程，于中小企讲座讲解中小企融资担保计划，赞助香港中小型企业总商会举办国际中小企高峰论坛，以提高八成信贷担保产品的使用率，令大众对产品加深了解。

按揭保险计划

推出按揭保险计划，容许自置居所人士取得较高按揭成数，从而减轻其支付首期的负担，目的是促进香港有更多自置居所。在该计划下，本集团扮演保险公司的角色，为参与的认可机构批出的按揭贷款，当中超出香港金融管理局规定的贷款上限部分，提供按揭保险保障，并收取保费。自一九九九年三月推出以来，该计划的公众认受性日益提升。二零一八年，该计划所批核的新提取按揭贷款总额为325亿港元。

安老按揭计划

推出安老按揭计划，旨在给予自置居所业主新的财务安排选择，藉此提升其退休生活素质。透过安老按揭，自置居所业主可以利用自住物业作为抵押品，从参与的贷款机构换取一笔过款项及/或于一段付款期内持续每月收取款项。在该计划下，本集团主要担当保险公司的角色，为参与的贷款机构所批出的安老按揭贷款，提供按揭保险保障，并收取保费。

本集团一直就安老按揭计划推行重点教育活动，令该计划的市场认受程度不断提升。该业务录得申请宗数于二零一八年稳步增长，较二零一七年增加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.

补价易贷款保险计划

推出补价易贷款保险计划，旨在协助资助出售房屋业主补地价，藉此促进资助房屋租售市场的发展。物业补地价后，其转让限制得以解除，业主可以在公开市场出售或出租其单位。在该计划下，本集团担当保险公司的角色，为参与的贷款机构所批出主要用于补地价的一笔过贷款，提供按揭保险保障，并收取保费。该计划现时涵盖香港房屋委员会辖下的居者有其屋计划、私人机构参建屋计划和租者置其屋计划及香港房屋协会辖下的住宅发售计划和夹心阶层住屋计划中的资助出售房屋。

香港年金计划

推出香港年金计划（「年金计划」），旨在帮助市民进行退休理财规划，并促进本地年金市场发展。年金计划提供另一退休理财方案，替长者将一笔过现金转化为终身每月定额收入。在年金计划下，本集团担当保险公司的角色，销售及批出年金保单并收取保费。

年金计划于二零一八年七月首次推行，并接获9,410宗认购意向登记，意向认购总额约49.4亿港元。回应市场意见，年金计划于二零一八年十二月再次推售，并同步推出优化措施，加强财务保障，产品特性更灵活，不设申请期限，可随时投保。于二零一八年，年金计划共批出5,422份保单，所收保费总额约28亿港元，平均每份保单获得保费金额约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. 市场环境

全球经济于二零一八年继续增长，但至下半年增长动力开始减弱。中美两国的贸易摩擦令全球经济氛围受压，对国际贸易活动的流向及投资活动的影响日益增加。在此背景下，加上美国及其他主要经济体的货币政策正常化持续推进，令全球市场波动加剧。随着全球经济增长减速及中美贸易紧张局势的影响逐渐浮现，许多亚洲经济体的增长在下半年放慢。

香港方面，本地经济于下半年虽然显著放缓，但在二零一八年整体仍能再一年录得高于趋势的增长。经本地息口略为调高，加上政府宣布多项措施及政策增加土地及楼宇供应，畅旺的香港住宅物业市场近年尾时有所整固。

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. 财务报表

股东应占溢利为1.27亿港元(二零一七年: 8.06亿港元), 股东资金回报率为0.9%(二零一七年: 8.6%)。盈利下跌主要反映本公司的全资附属公司香港年金有限公司(「香港年金公司」)的年金业务, 基于精算假设而为维持审慎的法定储备产生会计亏损, 于二零一八年再无二零一七年所录得的一次性出售投资所得, 主要因重估美元现金及债券投资所得的汇兑收益减少, 以及支持政策而投放业务资源。尽管香港年金公司录得亏损, 但其年金业务于二零一八年年底的内含价值(即权益总额与预期将来利润现值总和)约为52亿港元, 显示该业务长远而言应有盈利。本集团的财务表现综合如下:

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
股东应占溢利(百万港元)	Profit attributable to shareholders (HK\$ million)	127	806
股东资金回报率 ¹	Return on shareholders' equity ¹	0.9%	8.6%
成本对收入比率 ²	Cost-to-income ratio ²	86.0%	26.8%
资本充足率 ³	Capital adequacy ratio ³	26.8%	21.0%

1 股东资金回报率的计算方法, 为股东应占溢利除以权益持有人应占股本及储备的十二个月的月底平均结余额。

2 成本对收入比率的计算方法, 为经营支出除以经营收入、申索产生净额、已付利益、保单持有人负责变动、佣金支出净额及征费支出的总和。

3 资本充足率的计算方法, 为资本基础对信贷风险、市场风险和营运风险的加权风险总和的比率。

4 为方便与二零一七年的数字比较, 股东应占溢利作出调整以扣除香港年金公司的业绩。因此, 经调整的股东应占溢利、经调整的股东资金回报率和经调整的成本对收入比率依次为5.15亿港元、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.

本集团二零一八年的收益表主要项目摘要如下：

- (a) 全年净利息收入增加2,800万港元至5.36亿港元，主要由于预先筹措具成本效益的资金，惟有部分因到期及提早偿还贷款使平均贷款组合减少而予以抵销；
- (b) 按揭保险净保费收入为2.22亿港元（二零一七年：1.96亿港元）；
- (c) 年金业务的保险相关业绩净额（即已满期保费净额、申索产生净额、已付利益、保单持有人负债变动及佣金和征费支出的总和）录得5.50亿港元亏损（二零一七年：无），主要是因为基于精算假设所需而维持审慎的法定储备，而资本及已收保费存放于外汇基金所得的投资回报则归于其他收入项下；
- (d) 其他收入为2.50亿港元（二零一七年：4.14亿港元），主要是来自存放于外汇基金所得的投资收益1.85亿港元（二零一七年：无）及股息收入5,900万港元（二零一七年：8,300万港元）；及
- (e) 经营支出上升35.5%至4.12亿港元，升幅较预算为少，主要是由于推出年金业务。

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. 财务状况

于二零一八年十二月三十一日，本集团的资产总值合共625亿港元。本集团财务状况的主要变动如下：

- (a) 现金及短期资金增加41亿港元至294亿港元，主要是由于审慎预先筹措资金及贷款组合减少；
- (b) 投资组合微降2亿港元至172亿港元，当中5亿港元投资于分类为以公允价值变化计入损益投资的交易所买卖债券基金及房地产信托投资基金，分类为按摊销成本投资的债务投资有115亿港元，而分类为以公允价值变化计入其他全面收益投资的债务投资有51亿港元；
- (c) 外汇基金存款为77亿港元，为香港年金公司的资本及已收保费投资；
- (d) 贷款组合下降14亿港元至64亿港元；
- (e) 未赎回债券总额增加25亿港元至373亿港元；
- (f) 保险负债为46亿港元（二零一七年：11亿港元），主因是增加了由年金业务所引起的保险负债；
- (g) 权益持有人应占股本及储备增加51亿港元至149亿港元，主要反映外汇基金于二零一八年四月为营运年金业务注资50亿港元；及
- (h) 资产负债表外的主要风险，为按揭保险计划和安老按揭计划所承担的风险。本集团就按揭保险计划在转移风险给核准再保险公司后所承担的剩余风险，以及就安老按揭计划所承担的风险，分别为197亿港元（二零一七年：176亿港元）及96亿港元（二零一七年：69亿港元）。

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. 资本管理

年内，为确保本集团按资本金的比例扩展其业务及资产负债表时不会产生过度风险，本集团严密监控资本充足程度及资金运用，并遵守财政司司长参照巴塞尔协定II以风险为本的资本充足框架下所发出的资本充足率指引（「指引」）。

根据指引，资本充足率的计算乃跟随财务汇报的综合基准，但扣除本公司受规管的附属公司（即香港按证保险有限公司（「按证保险公司」）和香港年金公司，两者均受保险业监管局规管的获授权保险人，须遵守各自有关维持充足资本的法定要求）。

撇除两间不予综合的受规管附属公司的投资成本后，本集团于二零一八年十二月三十一日的资本充足率保持26.8%的稳健水平，远高于指引规定的8%最低比率。于二零一八年十二月三十一日，按证保险公司和香港年金公司各自的偿付能力充足率依次约为42倍及34倍，远高于保险业监管局分别规定不低于200%和150%的法定要求。

6. 本集团面对的主要风险及不明朗因素

本集团所面对的风险，为透过购买按揭贷款、按揭保险、商业贷款担保、零售贷款融资与资本投资所得的贷款和投资组合产生的信贷风险。本集团亦于安老按揭及相关业务中面对利率、楼价及长寿风险。自二零一八年推出新设立的年金业务以来，本集团亦另外承受长寿、市场及流动资金风险。此外，本集团因促进业务营运亦面对市场风险，主要是利率风险及资产负债期满错配风险。

截至二零一八年十二月三十一日止年度内，所面对的风险与财务风险管理载列于财务报表附注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. 本集团的环境政策与表现

年内，本集团继续支持及实施种种环保措施，务求缔造一个更环保的办公室，并且在减少废弃与珍惜能源方面加强员工意识。

8. 本集团对其业务有重要影响的相关法律与法规的合规情况

《保险业条例》

年内，本集团一直保持《保险业条例》下可经营保险业务的获授权保险人身份。

《放债人条例》

年内，本集团按其营运所需，一直保持《放债人条例》相关条文的豁免。

9. 二零一八年终结后发生的、对本集团有影响的重要事件详情

财政司司长于二零一九至二零二零年度财政预算案中公布，延续八成信贷担保产品的申请期至二零二零年六月底，同时为八成信贷担保产品增设本业务审视上文第1分节所述的三项优化措施。尽管延续、优化八成信贷担保产品及发展新业务或会增加本集团的相关营运成本，本集团将在八成信贷担保产品营运上继续全力支持政府，并发展新业务，以促成其核心使命和社会目标。有关任何其他相关重要事件，请亦参阅财务报表附注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. 本集团业务相当可能有的未来发展的揭示

本集团将继续探索现行项目与计划的优化机会及任何新业务计划的可行性，并继续执行基建融资及证券化业务计划，务求满足香港社会的需要，完成其核心使命。此外，本集团将继续维持其审慎的预先筹措资金策略，随时准备为有需要的本地银行业提供流动资金。

11. 本集团与其雇员及对本集团有重要影响且本集团赖以成功的交易对手的重要关系

雇员

年内，本集团一直为雇员提供具竞争力的薪酬福利、事业前景、发展机会以及健康安全的工作环境。尽管本集团的营运范围扩大且所提供的产品渐趋繁复，但透过系统自动化和流程改革，本集团坚守着精简、有效率的人力运用。

本集团重视员工职训，为不断提升员工的专业知识与技能而投放了大量资源。所有新入职员工均获提供导引课程，协助其掌握本集团的组织架构、使命、功能与政策等基础知识。

截至二零一八年十二月三十一日，本集团的固定雇员编制为309人(二零一七年：261人)，员工流失率为8.92%(二零一七年：8.85%)。

交易对手

截至二零一八年十二月三十一日，就其贷款与保险组合，本集团在购买按揭贷款计划下，共有34间核准卖方与32间核准管理供款机构；在按揭保险计划下，共有7间核准再保险公司；在小型贷款计划下，共有4间非政府机构。此外，按揭保险计划下共有23间参与的贷款机构，而安老按揭计划则有9间，补价易贷款保险计划有8间，小型贷款计划有5间，中小企融资担保计划有31间。年金业务方面，截至年底，年金计划有20间代理银行。

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.

债券

截至二零一八年十二月三十一日止年度内，本公司透过其60亿美元多种货币中期债券发行计划，发行了面值总额341亿港元的债券，实收款项约340亿港元。本年度发行债券所得款项均用作本集团的一般营运资金。本集团债券发行与赎回活动的概要载于财务报表附注28。

股息

考虑到业务发展的资金需求，董事局建议二零一八年不宣派股息(二零一七年：无)。

董事

年内或由年终至本报告之日期间且在即将举行的本公司股东周年大会前的董事名单如下：

陈茂波先生 大紫荆勋贤 GBS MH JP
主席兼执行董事

陈德霖先生 GBS JP
副主席兼执行董事

余伟文先生 JP
执行董事

李令翔先生 JP
执行董事兼总裁

林健锋先生 GBS JP
非执行董事

刘怡翔先生 JP
非执行董事(于二零一八年四月十九日获委任)

陈帆先生 JP
非执行董事(于二零一八年四月十九日获委任)

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)

张国钧先生 JP
非执行董事

郭荣铿先生
非执行董事

黄玉山教授 SBS BBS JP
非执行董事

陈家强教授 GBS JP
非执行董事

施文信先生 GBS JP
非执行董事

王桂埙先生 BBS JP
非执行董事

冯婉眉女士 BBS JP
非执行董事

张亮先生
非执行董事

黄舜芬女士 (又名赵黄舜芬女士)
非执行董事 (于二零一八年五月二十三日获委任)

吴亮星先生 SBS JP
非执行董事 (于二零一八年四月十三日退任)

郭珮芳女士
非执行董事 (于二零一八年四月十三日退任)

龚杨恩慈女士
非执行董事 (于二零一八年四月十三日退任)

蓝玉权先生
非执行董事 (于二零一八年四月十三日退任)

LEE Huat-oon 先生
非执行董事 (于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).

根据本公司的公司章程细则第109条，所有非执行董事应于即将举行的股东周年大会上退任，惟可参选连任。

除上述董事外，年内或由年终至本报告日期间，本集团其他成员的董事局成员为：陈德霖先生、余伟文先生、李令翔先生、张亮先生、黄舜芬女士（又名赵黄舜芬女士）、刘应彬先生、梁静娴女士、鲍克运先生（已辞任）、郑文信先生、廖志强先生、郑鉴铨先生、张少慧女士、沈施加美女士（亦为卢绮霞女士的候补董事）、卢绮霞女士（亦为沈施加美女士的候补董事）、Intertrust Directors (Cayman) Limited及金柏利秘书服务有限公司。

获准许的弥偿条文

惠及董事的获准许的弥偿条文（根据《公司条例》定义）在截至二零一八年十二月三十一日止年度内有效，且截至本报告的日期亦仍然有效。

董事于交易、安排或合约中的重大利害关系

截至二零一八年十二月三十一日止年度内，不存在亦不曾订立本集团任何成员作为一方、对本公司业务属重要的、且年内曾为董事的人士或其有关连实体（根据《公司条例》定义）在当中有直接或间接重大利害关系的任何交易、安排和合约。

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.

核数师

财务报表已由罗兵咸永道会计师事务所审核。罗兵咸永道会计师事务所将于本公司即将举行的股东周年大会上退任，并在符合资格的情况下将参选连任。

承董事局命

陈茂波

主席兼执行董事

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