



香港按揭證券有限公司
The Hong Kong Mortgage Corporation Limited

A N N U A L R E P O R T 年 報

2019

Established in March 1997, The Hong Kong Mortgage Corporation Limited¹ is wholly owned by the Hong Kong Special Administrative Region Government through the Exchange Fund. It has three wholly-owned subsidiaries, HKMC Insurance Limited, HKMC Annuity Limited and HKMC Mortgage Management Limited.

Missions

To promote:

- stability of the banking sector
- wider home ownership
- development of the local debt market
- development of retirement planning market

Credit Ratings

	S&P		Moody's	
	Short-term	Long-term	Short-term	Long-term
Local Currency	A-1+	AA+	P-1	Aa3
Foreign Currency	A-1+	AA+	P-1	Aa3
Outlook	Stable		Stable	

(as at 21 January 2020)

Contents

1	Financial Highlights	49	Financial Review
3	Chairman's Statement	53	Risk Management
7	Organisation Structure	63	Corporate Governance Report
12	Board of Directors	136	Directors' Report
15	Highlights of the Year	151	Independent Auditor's Report
30	Corporate Social Responsibility	159	Consolidated Financial Statements
35	Business Review	274	Abbreviations used in this Report

¹ References to "HKMC", "Corporation" or "Company" in this Annual Report mean the Hong Kong Mortgage Corporation Limited.

Financial Highlights

	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000
FOR THE YEAR			
Net interest income	523,991	536,209	507,578
Profit attributable to shareholder	317,461⁴	126,558 ⁴	806,395
Loan purchases	1,876,551	287,705	315,793
Debts issuance ¹	17,724,508	12,424,465	17,856,470
Net premiums written			
— General insurance businesses	466,215	565,739	417,076
— Annuity business	1,630,827	2,780,240	n.a.
AT YEAR END			
Loan portfolio, net	6,928,045	6,442,064	7,829,441
Debt securities issued	39,710,963	37,292,877	34,840,706
Risk-in-force			
— Mortgage insurance ²	23,075,987	19,723,956	17,588,701
— Reverse mortgage insurance ³	11,239,454	9,644,152	6,875,721
OTHER STATISTICS			
Net interest margin	1.0%	1.1%	1.1%
Capital adequacy ratio	30.2%	26.8%	21.0%
Cost-to-income ratio	58.7%⁴	86.0% ⁴	26.8%
Return on shareholder's equity	2.1%⁴	0.9% ⁴	8.6%

¹ For debts with tenor of one year or above.

² The risk-in-force excludes exposure that has been covered by quota-share reinsurance arrangement.

³ The risk-in-force includes the outstanding balance and undrawn commitment of a reverse mortgage loan, excluding exposure that has been covered by quota-share reinsurance arrangement. Undrawn commitment refers to the amount of expected future payout to the borrower based on the payment term.

⁴ For comparison purposes, after excluding an accounting loss for maintaining prudent statutory reserves based on actuarial assumptions for annuity business made by the HKMC Annuity Limited, a wholly-owned subsidiary of the HKMC, the adjusted attributable profit to shareholder, return on shareholder's equity and cost-to-income ratio for 2019 would be HK\$443 million, 4.2% and 41.8% respectively (2018: HK\$515 million, 5.1% and 36.7% respectively).

Chairman's Statement

Chairman's Statement

Developing multi-faceted businesses in fulfilment of core missions and social objectives.

Chan Mo-po, Paul
Chairman



The global economy experienced a synchronised slowdown in 2019, beset with considerable downward pressures from an array of factors including the escalation of US-China trade tensions, risk of a hard Brexit and heightened geopolitical tensions in the Middle East. Economic growth in the US eased and that in the euro area was modest. The Mainland economy attained its growth target, although with a decelerated growth momentum.

Faced with significant external headwinds, the Hong Kong economy was already quite weak in the first half of 2019. Aggravated by the severe blow from the local social incidents, the economy deteriorated abruptly in the second half of the year and recorded its first annual contraction since 2009. The residential property market has been consolidating since June after staying generally active during the first five months of 2019. Yet, the downward adjustment had been moderate and property prices were still out of line with economic fundamentals and affordability of the general public.

Purchase of Mortgage Assets

The Group purchased loan assets of about HK\$2 million in 2019 (2018: HK\$287.7 million) as ample liquidity in the banking system continued to dampen banks' appetite in off-loading mortgage assets. In recognition of its pivotal role to reinforce the banking and financial stability of Hong Kong, the Group stands ready to purchase mortgage loans from the banking sector should the need arise.

Promoting Development of Debt Market

The Group has been playing a key role in promoting the development of the local debt market. It has remained a major and active corporate debt issuer in Hong Kong for two decades. In 2019, the Group issued debt securities in different currencies (with tenor of one year or above) totalling around HK\$17.7 billion to satisfy its refinancing needs and support its business activities. The Group's credit ratings are AA+ from Standard & Poor's and Aa3 from Moody's, same as those of the HKSAR Government.

Supporting Home Ownership

The Mortgage Insurance Programme (**MIP**) is an integral part of the property mortgage market in Hong Kong. Since its inception in 1999, the MIP has assisted more than 149,000 families to buy their own homes in the pursuit of the Group's core mission to promote wider home ownership. In October 2019, numerous MIP enhancements were introduced to make completed residential property purchases more accessible to homebuyers with immediate housing needs. Demand for the MIP remained steady in 2019 and the total amount of MIP mortgage loans drawn down was HK\$33.3 billion (2018: HK\$32.5 billion).

Continuing Support for Small and Medium Enterprises

Hong Kong is home to about 340,000 small and medium enterprises (**SMEs**). The HKSAR Government continues its support for SME bank financing with the 80% guarantee product of the SME Financing Guarantee Scheme (**SFGS**) under the entrusted operation of the Group to enable SMEs to improve liquidity, grasp economic opportunities and boost competitiveness.

As part of its successive relief packages for SMEs to tide over the economic downturn, the HKSAR Government extended in the second half of the year the offering period for the 80% guarantee product to 2022. At the same time, the HKSAR Government also commissioned the Group to timely roll out more enhancements to the 80% guarantee product such as offering principal moratorium, and a new 90% guarantee product with a guarantee commitment of HK\$33 billion. The new product aims to assist smaller-sized enterprises and businesses with relatively less operating experience to obtain financing, and has been receiving positive response since its launch in December 2019.

The Group maintains close communication with participating banks, SME associations as well as commerce and industry chambers to help address the evolving needs of SMEs in financial difficulties. As at year-end, the Group has approved more than 17,300 applications for a total loan amount of HK\$72.3 billion, and more than 9,500 local SMEs with more than 242,000 employees have benefitted from the SFGS.

As a further step to ease the cash flow problems of enterprises adversely affected by the COVID-19 pandemic, and in the light of the pandemic's prolonged adverse impact on the local economy, a concessionary low-interest loan product under the SFGS, for which the Government provides 100% loan guarantee commitment for approved loans up to HK\$50 billion, was launched in April 2020; and further enhancements would be made to the 80% and 90% guarantee products, including the provision of interest subsidy and extending the coverage to publicly listed companies in Hong Kong, thereby benefitting more enterprises affected by the pandemic.

Promoting Development of Retirement Planning Market

In furtherance of its core mission to promote the development of the retirement planning market in Hong Kong, the Group launched the "HKMC Retirement Solutions" in 2019 as a holistic brand with unique characteristics to address the retirement planning needs of the community.

The Reverse Mortgage Programme (**RMP**) and the Policy Reverse Mortgage Programme (**PRMP**) launched in 2011 and 2019 respectively form two of the three products under the "HKMC Retirement Solutions" umbrella. Both of them aim to provide retirees with new financial planning options to secure a stream of steady cash flow on retirement with illiquid assets as collateral (properties in the case of the RMP and death benefits of life policies in the case of the PRMP). With the successful implementation of the Group's ongoing and focused educational initiatives, market receptiveness to the RMP and PRMP has been growing progressively.

The HKMC Annuity Plan (**Plan**) launched in mid-2018 is the third product under the "HKMC Retirement Solutions" umbrella. The Plan aims to facilitate retirement planning and promote the development of the local annuity market through the provision of annuity products. The Plan helps the elderly turn their lump sum cash into a stream of fixed monthly income for life. During the year, the Plan underwent ongoing enhancements to meet customers' growing needs. The Group also stepped up its promotional and educational efforts which have successfully raised public awareness of longevity risk management and the importance of retirement financial planning, thereby contributing to the rapid development of the local annuity market. In 2019, the Plan recorded a noticeable growth of HK\$1.6 billion in premium receipts, reaching an accumulated premium receipt amount of HK\$4.4 billion since its launch.

All three products under the "HKMC Retirement Solutions" brand name share the same characteristics of immediacy, stability and lifelong entitlement which are rare on the market and provide useful financial alternatives for retirement planning purposes.

Development of Infrastructure Financing and Securitisation Business

In 2019, the Group developed a new business in infrastructure financing and securitisation based on prudent commercial principles and under a robust risk management framework. The Group will explore securitisation opportunities after building up an infrastructure loan portfolio and the necessary market experience. Leveraging its strong credit standing and medium-to-long term funding capability, the Group will be able to further its mandates of promoting the stability of the banking sector and the development of the local debt market by facilitating infrastructure investment and financing flows under the new business.

Financial Performance for 2019

Profit attributable to shareholder increased to HK\$317 million (2018: HK\$127 million) despite that additional resources were utilised for the Group's core missions and certain policy initiatives of the HKSAR Government, and that the Group's annuity business development continued to record an accounting loss as a result of maintaining prudent statutory reserves. Notwithstanding its reported accounting loss, the embedded value of the annuity business was about HK\$5.3 billion, indicating that the business should be profitable in the long term.

The capital adequacy ratio stood solid at 30.2% (2018: 26.8%) to preserve capital for business development. The respective solvency ratios of the Group's two insurance subsidiaries were about 39 times (2018: 42 times) for the general insurance business and 22 times (2018: 34 times) for the annuity business, both well above the relevant minimum regulatory requirements.

Outlook for 2020

The global economic environment is extremely austere in the face of the COVID-19 pandemic and a host of other challenges such as international trade tensions and geopolitical risks. Against this backdrop, the global financial markets may continue to exhibit huge volatility in the period ahead. The recuperation of both the global economy and the Hong Kong economy will hinge critically on the effective control of the pandemic. To ride out difficulties ahead with the community, the Group will continue with its multi-faceted businesses to deliver on its core missions.

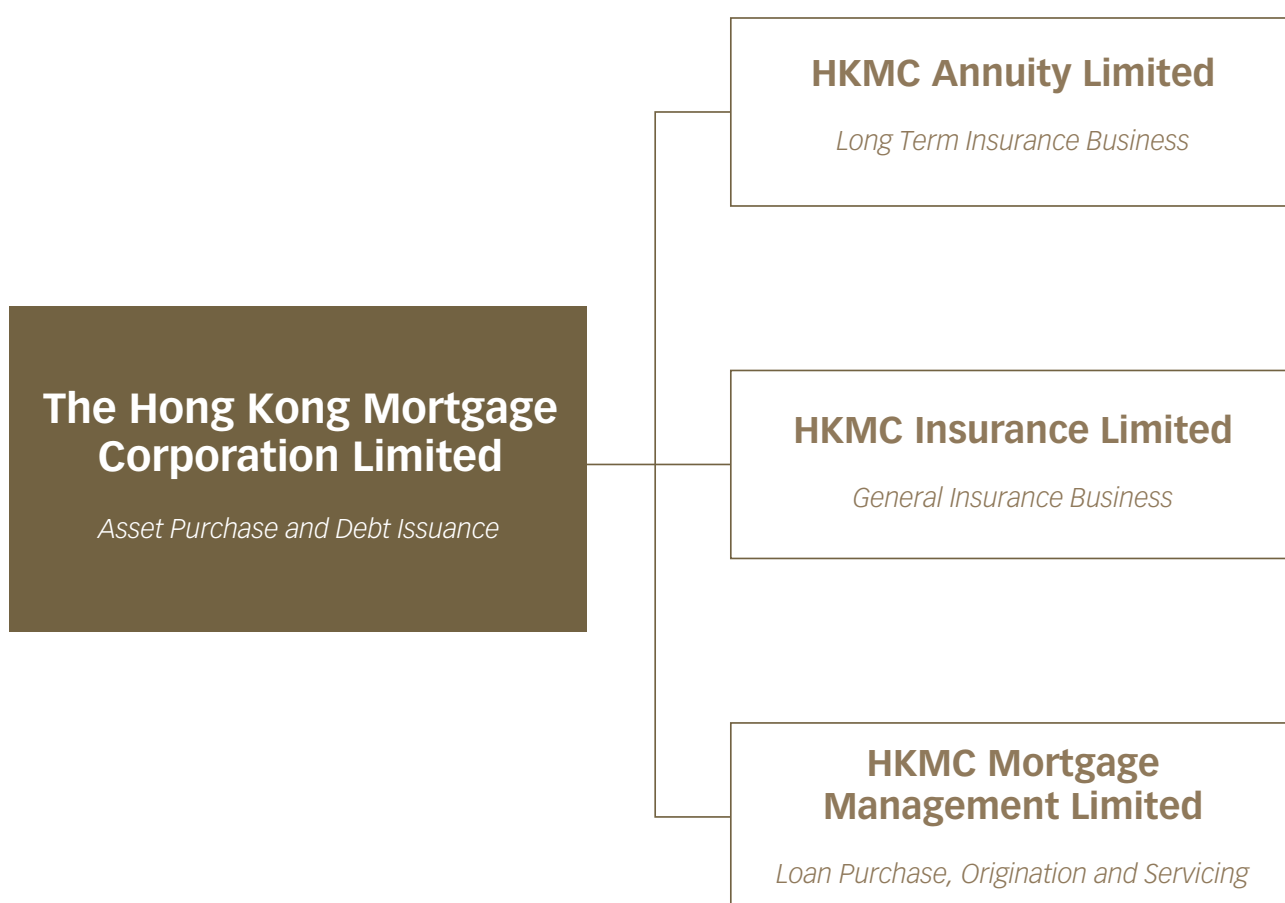
Finally, I would like to express my heartfelt gratitude to fellow Board Directors, the Management and staff for their dedicated work and tremendous support.

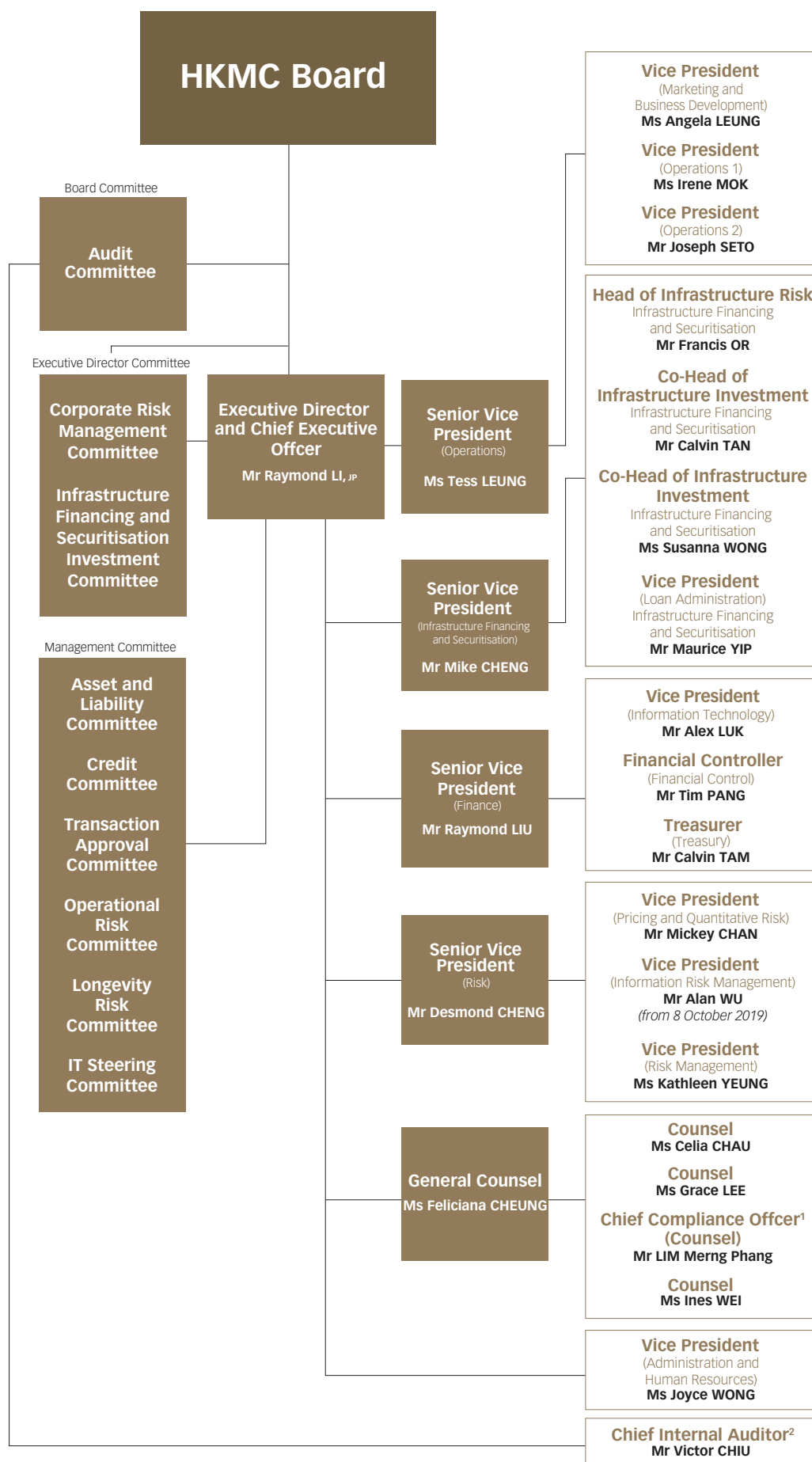


Chan Mo-po, Paul
Chairman

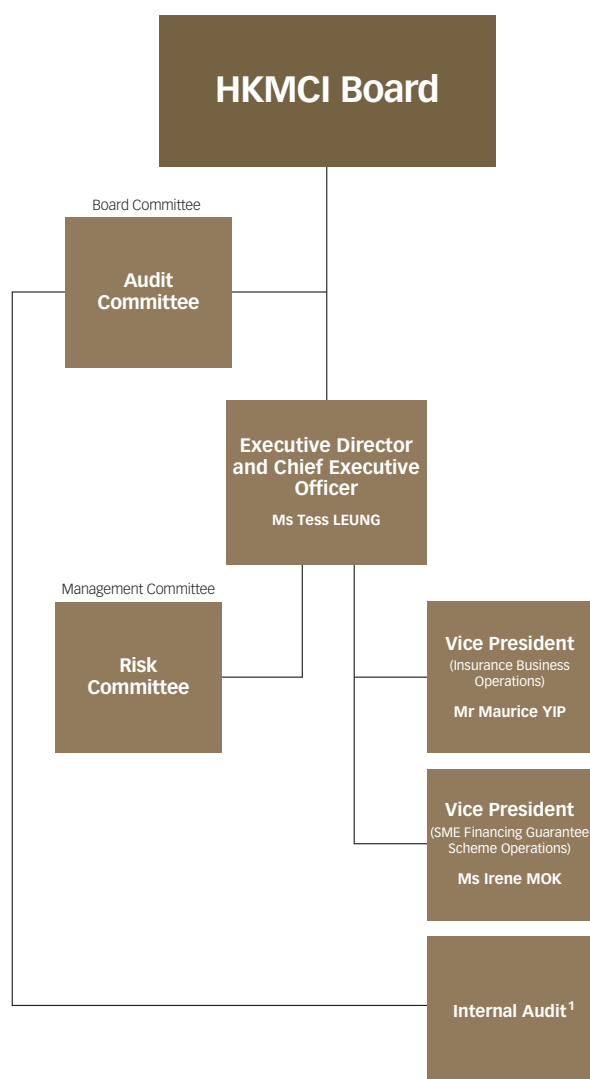
Organisation Structure

Organisation Structure

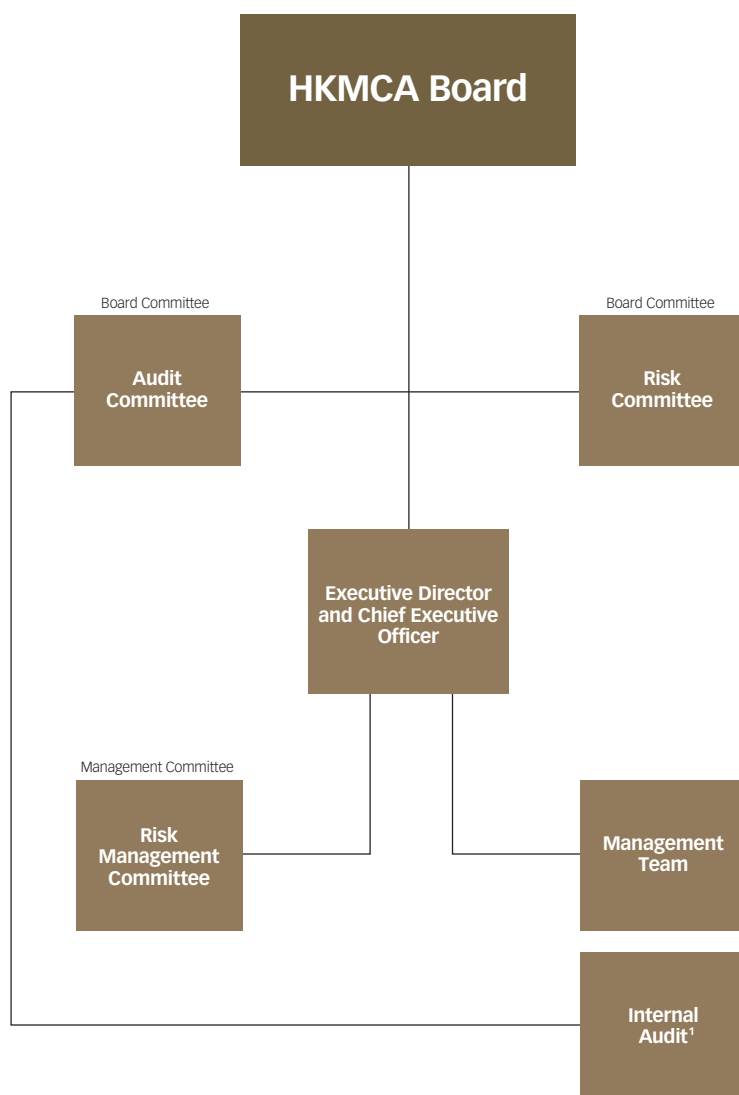




¹ Reporting to the Chief Executive Officer through the General Counsel
² Reporting to the Chief Executive Officer on daily administrative function



¹ Reporting to the Chief Executive Officer on daily administrative function



¹ Reporting to the Chief Executive Officer on daily administrative function

Board of
Directors

Board of Directors



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



Mr Eddie YUE Wai-man, JP
Deputy Chairman and Executive Director
(designated as Deputy Chairman on 1 October 2019)
Chief Executive
Hong Kong Monetary Authority



Mr Norman T. L. CHAN, GBS, JP
Deputy Chairman and
Executive Director
(resigned on 1 October 2019)



Mr Howard LEE Tat-chi, JP
Executive Director
Deputy Chief Executive
Hong Kong Monetary Authority
(appointed on 1 October 2019)



Mr Raymond LI Ling-cheung, JP
Executive Director and
Chief Executive Officer
Senior Executive Director
Hong Kong Monetary Authority



The Hon. James Henry LAU Jr., JP
Non-Executive Director
Secretary for Financial Services
and the Treasury (till 22 April 2020)



The Hon. Frank CHAN Fan, JP
Non-Executive Director
Secretary for Transport and Housing



The Hon. Jeffrey LAM Kin-fung, GBS, JP
Non-Executive Director
Member of Executive Council
Member of Legislative Council
Managing Director
Forward Winsome Industries Limited



The Hon. Horace CHEUNG Kwok-kwan, JP
Non-Executive Director
Member of Executive Council
Member of Legislative Council
Member of Central and Western
District Council (till 31 December 2019)
Partner, Cheung & Yeung, Solicitors



The Hon. Dennis KWOK Wing-hang
Non-Executive Director
Member of Legislative Council
Barrister-at-law



Professor CHAN Ka-keung, GBS, JP
Non-Executive Director
Adjunct Professor
The Hong Kong University of
Science and Technology



Ms Anita FUNG Yuen-mei, BBS, JP
Non-Executive Director
Director
Hong Kong Exchanges and
Clearing Limited



Mr Huen WONG, BBS, JP
Non-Executive Director
*Principal (Hong Kong Office)
Fried, Frank, Harris, Shriver &
Jacobson*



Mr Clement CHAN Kam-wing
Non-Executive Director
*Managing Director – Assurance
BDO Limited
(appointed on 17 May 2019)*



Mr Leong CHEUNG
Non-Executive Director
*Executive Director,
Charities and Community
The Hong Kong Jockey Club*



Professor WONG Yuk-shan, SBS, BBS, JP
Non-Executive Director
(retired on 17 May 2019)



Mr T. Brian STEVENSON, GBS, JP
Non-Executive Director
(retired on 17 May 2019)



Mrs Estella S. F. CHIU
Non-Executive Director
(retired on 17 May 2019)

The background of the entire page is a close-up photograph of a green leaf. The leaf's veins are clearly visible, creating a network of light green lines against a darker green background. Numerous water droplets of various sizes are scattered across the leaf's surface, reflecting light and giving it a fresh, dewy appearance. In the center of the page, there is a prominent pink rectangular box with rounded corners. Inside this box, the text "Highlights of the Year" is written in a large, bold, white sans-serif font, arranged in two lines.

Highlights of the Year

**Participation in
External Events**

**Public
Education**

**Corporate Social
Responsibility**

**Community
Engagement**

**Collaboration with
Business Partners**

Major Events

PARTICIPATION IN EXTERNAL EVENTS

Commission Event 2019
Working together to build a better future





COLLABORATION WITH BUSINESS PARTNERS





PUBLIC EDUCATION





COMMUNITY ENGAGEMENT





MAJOR EVENTS





CORPORATE SOCIAL RESPONSIBILITY





Corporate Social Responsibility

Corporate Social Responsibility

In recognition of the Corporation's contribution to the community and its commitment to corporate social responsibility (**CSR**), the Corporation has been awarded the Caring Organisation Logo by the Hong Kong Council of Social Service since 2008 and has now entered its 12th year of CSR participation. Since 2014, the Corporation has also been receiving the Mandatory Provident Fund Schemes Authority's Good MPF Employer Award, which is given in appreciation of employers who place a high value on their employees' retirement needs. As a socially responsible organisation, the Group cares for its employees and the community. The Group underlines its commitment to CSR by caring for its employees' well-being, participating in charity activities and implementing environmental protection measures.

Care for Employees

Staffing and Remuneration

The Group attracts and grooms talent to ensure the efficient performance of its missions of promoting stability of the banking sector, wider home ownership, development of the local debt market and development of the retirement planning market. Employees are provided with competitive remuneration packages and fringe benefits, promising career paths and development opportunities, and a healthy and safe working environment. The Group also adopts family-friendly practices by offering a five-day week to help employees maintain a good work-life balance, as well as comprehensive medical and dental insurance plans that cover both employees and their family members. Through system automation and process re-engineering, the Group maintains a lean and efficient workforce despite an increase in the scope of operations and the complexity of the products it offers. In 2019, the permanent staff establishment of the Group was 327 and the staff turnover rate was 9.37%.



The Art of Mindful Living Workshop

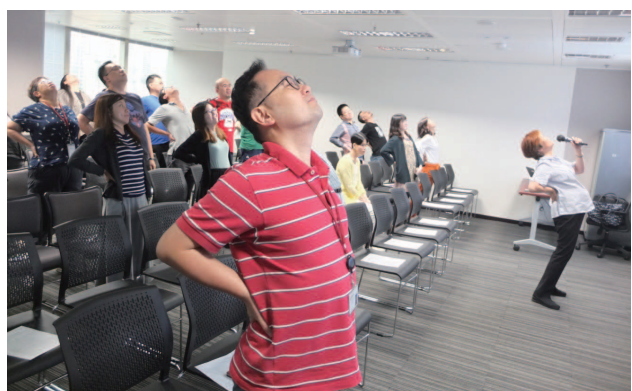
Training and Development

The Group recognises the importance of ongoing training and devotes considerable resources to the continuous enhancement of its employees' professional knowledge and skills. In 2019, the Group arranged programmes and workshops to help employees enhance their product knowledge and strengthen their managerial and technical competence and soft skills.

The in-house training workshops in 2019 covered a wide range of topics, such as recruitment and selection processes, team collaboration, mindfulness, and occupational safety and health. During the year, seminars on anti-money laundering, anti-corruption and bribery laws and cyber security were held as well.



Team Building Programme ("Pedal for Power") at Ocean Park



Occupational Health Talk – Health Hints on the Use of Computer

The Group also sponsored employees for external job-related training and development courses covering a wide range of topics, including mortgage-related issues, risk management, corporate governance, finance and accounting, information technology and leadership training. In addition, all new employees were put through an induction session to provide them with foundational knowledge about the Group's organisational structure, functions and policies.

Employee Relations and Staff Activities

To promote a healthy work-life balance and foster a family-friendly working environment, the Group's Staff Club organises activities regularly to cultivate better relationships and communication among employees. In 2019, these activities included health talks, outings and other staff gatherings, all of which were well received by employees and their families. The in-house staff publication, HKMConnection, recaps snapshots of the Group's staff activities.

To facilitate effective communication within the Group, the Staff Homepage intranet facility is updated frequently so that useful information can be shared among different departments. There is also the Staff Suggestion Scheme, which encourages staff to suggest improvements in the workflow and workplace.



Night Squid Fishing Tour



House Competition



House Competition



Starry Night Lamp Workshop

Health and Safety

As a caring organisation, the Group is dedicated to looking after employees' physical and mental health. An Employee Support Programme is in place to provide confidential external counselling services to employees and their family members, if needed. A vaccination programme for the prevention of influenza and health-check programmes at privileged rates were also offered to employees in 2019.

From time to time, the Group reviews and strengthens its contingency plans, which aim to minimise any unexpected or sudden disruption to business operations due to, for example, an outbreak of communicable disease among employees. Periodic drills are organised to ensure employees are conversant with the activation of back-up facilities, contingency plans and communication arrangements in case of emergency.



Health Talk on Preventing Back Pain



Health Talk on Chinese Medicine Theory

Care for the Community

Charities and Social Activities

The Group promotes various charitable and community functions, such as fundraising events, donation campaigns and voluntary services. Employees are encouraged to support charity activities and join voluntary work organised by the Group's volunteer team, Caring League.

In 2019, the Group organised donation campaigns, such as Dress Casual Day 2019 for the Community Chest, and held its annual Blood Donation Day event for the Hong Kong Red Cross.

Employees have been keen to participate in the voluntary services, demonstrating their concern for the needy by dedicating time and effort to the various causes. The Caring League has partnered with several social service organisations to take part in a number of voluntary services, including the following:



Dress Casual Day

- care for the environment: a recycling campaign is conducted in partnership with The Salvation Army to collect books, stationery and toys
- care for the elderly: organised by HOPE Worldwide and the Hong Kong Playground Association, employee volunteers of the Group visit elderly people, bring them “lucky bags” with daily necessities to welcome the Chinese New Year and accompany elderly members of low-income families on tours around the Tsz Shan Monastery.



Outing to Tsz Shan Monastery with the Elderly

Internship and Manager Trainee Programmes

To help nurture talent for the future, the Group offers internship programmes for undergraduates to give them a taste of the real business world and help them better prepare for their future careers. The students who joined the programmes appreciated the learning experience and work opportunities they were exposed to.

During the year, the Group continued to carry out the Manager Trainee Programme with the objective of identifying high-calibre young executives for grooming to meet the Group’s long-term staff development plan. Throughout the three-year programme, the Manager Trainees will undergo on-the-job training in different departments, take part in corporate projects and attend structured learning and development programmes.

Environmental Protection

The Group continuously supports and implements various green measures to create a more environmentally friendly office and raise employees’ awareness of methods of waste reduction and energy conservation. Employees are encouraged to adopt paperless working practices by using more electronic communication. They are also encouraged to collect waste paper and used toner cartridges for recycling. Since 2006, the Group has adopted various measures, including better control of office temperature and the use of LED lighting, in the interest of energy efficiency. The Group welcomes suggestions from employees on green office ideas and encourages its suppliers to use and offer more environmentally friendly products whenever possible.

Business Review

Business Review

Performance Highlights

The major achievements of the Group for the year included:

- helping homebuyers borrow a total of HK\$33.3 billion in mortgage loans through the Mortgage Insurance Programme (**MIP**)
- approving 3,740 applications since the launch of the Reverse Mortgage Programme (**RMP**) in July 2011, with an average property value of around HK\$5.4 million
- issuing a total of 7,610 policies since the launch of the HKMC Annuity Plan in July 2018, with total premiums received at around HK\$4.4 billion and the average premium amount at around HK\$570,000 as at the end of 2019
- further extending to end-June 2022 the application period for the 80% guarantee product and the three enhancement measures introduced in November 2018 under the SME Financing Guarantee Scheme (**SFGS**), to further alleviate the financing burden of local small and medium-sized enterprises (**SMEs**)
- introducing a new relief measure in September 2019 in the form of principal moratorium which is applicable to both existing and new SME borrowers under the SFGS, to provide immediate support to SMEs amidst the economic uncertainties
- launching a new 90% guarantee product under the SFGS in December 2019, to provide smaller-sized enterprises and businesses that have relatively less operating experience with additional support in obtaining financing
- approving more than 17,200 applications for loans amounting to HK\$72.3 billion since the launch of the 80% SFGS in 2012. More than 9,500 local SMEs and 242,100 related employees have benefited under the SFGS. For the new 90% SFGS, the Group had received 23 applications for loans amounting to HK\$48.1 million since its launch in December 2019
- approving loans totalling HK\$55.5 million under the Microfinance Scheme (**MFS**) since its inception in June 2012, to support business start-ups, self-employed people from different backgrounds and professions, and those wanting to achieve self-improvement through education and training
- being on track in executing the first-year implementation plan of the Group's Infrastructure Financing and Securitisation (**IFS**) business to accumulate infrastructure loan assets and develop the IFS brand of the Group
- purchasing about HK\$2 million of loan assets
- issuing HK\$17.7 billion of debt securities, with a maturity of one year or above, in a cost-effective manner, thus promoting the development of the local debt market and maintaining the Group's position as one of the most active issuers in Hong Kong. These debt securities included 30-year bonds totalling HK\$1.2 billion, issued to support fixed-rate businesses
- maintaining the Group's long-term foreign and local currency ratings of AA+ by S&P Global Ratings (**S&P**) and Aa2 by Moody's Investors Service, Inc. (**Moody's**) as at end-2019, same as the HKSAR Government.
- safeguarding excellent credit quality, with non-performing loan ratio of 0.07% across all asset classes and over-90-day delinquency ratios of 0.003% for the mortgage insurance portfolio and 0.02% for the Hong Kong residential mortgage portfolio (lower than the industry average of 0.03%) as at 31 December 2019.

The Group maintained a solid financial position in 2019:

- profit attributable to shareholder of HK\$317 million
- net interest margin of 1%
- return on shareholder's equity of 2.1%
- cost-to-income ratio of 58.7%
- capital adequacy ratio of 30.2%, which is well above the minimum requirement of 8% stipulated by the Financial Secretary
- solvency ratios of 39 times for general insurance business and 22 times for annuity business, well above the respective 200% and 150% minimum regulatory requirements stipulated by the Insurance Authority

Market Overview

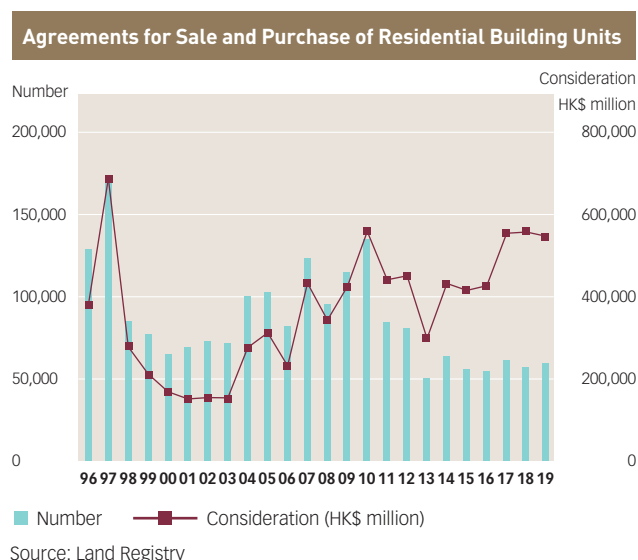
General Economic Conditions

The global economy was in a synchronised slowdown in 2019 as rising US-China trade barriers, the Brexit process and other geopolitical tensions contributed to heightened uncertainties. Economic growth of the US moderated and the economy of the euro area stayed weak. Mainland China's economy remained largely resilient but still faced downward pressures. In light of the heightened global market volatility, many central banks have taken measures to ease their monetary policies to reduce downside risks to growth. The Hong Kong economy also showed significant slowdown in the second half of the year, as the local social incidents caused disruptions to domestic consumption and tourism-related activities, resulting in a blow to the economy which had been adversely affected by the slackening global demand and international trade tensions. Against this backdrop, the Hong Kong economy contracted by 1.2% in 2019 from a year earlier, marking the first annual decline since 2009.

Property Market

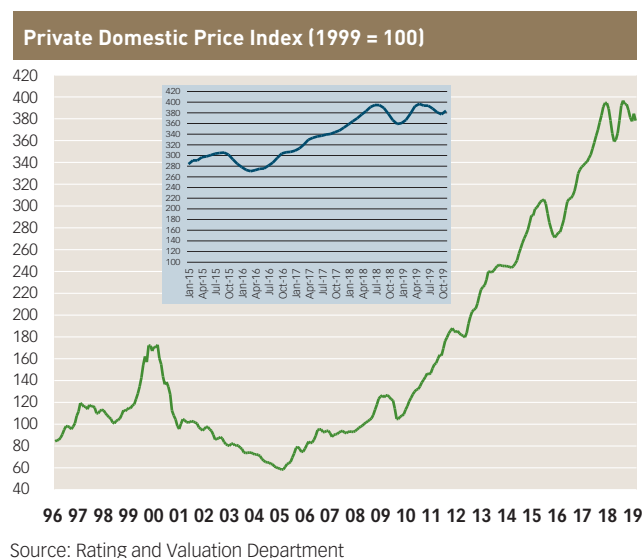
The residential property market registered a strong rebound in the first five months of the year, and then softened somewhat starting from June. Between January and May, housing transactions surged with improved market sentiment, and flat prices recovered fully from losses recorded in the second half of 2018. Since June, however, transaction volumes and housing prices have levelled off. The outlook for the residential property market has become more uncertain. Other risk factors, including the US-China trade conflict and slowing global economic growth, may weigh on housing market sentiment in the near term. Overall, the number of residential property transactions in 2019 increased by 4.5% year on year to 59,797, while the consideration of transactions recorded a 1.9% year-on-year decrease (Figure 1).

Figure 1



Transaction volumes in the primary and secondary markets rose steadily from the start of the year until July, after which a downward trend was recorded. In general, residential property prices¹ recorded a 5.3% cumulative increase in 2019, compared with a 1.9% increase in 2018 (Figure 2).

Figure 2

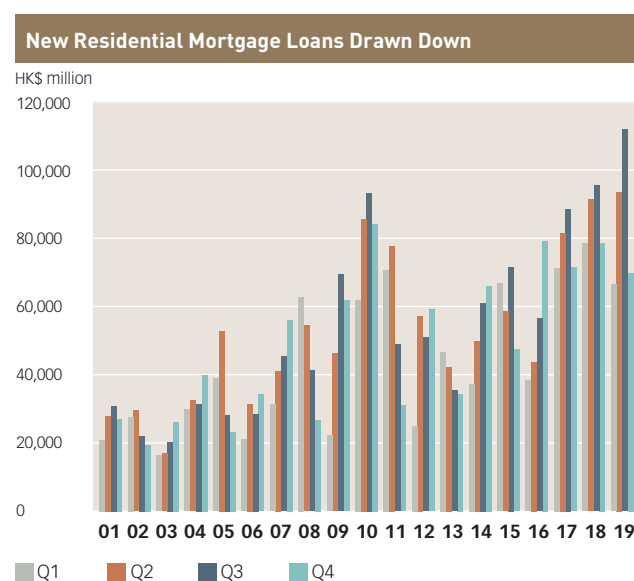


¹ Source: The Private Domestic Price Index published by the Rating and Valuation Department

Mortgage Market

Overall, the mortgage rate in Hong Kong stayed low in 2019. The Best Lending Rates (**BLRs**) were in the range of 5.125% and 5.5% in the first 10 months of the year. In view of some leading banks lowering their BLRs to 5% in early November 2019, the BLRs remained in the range of 5% and 5.5% since then until the end of December 2019. The Hong Kong Interbank Offered Rate (**HIBOR**) was relatively higher throughout the year. According to the Monthly Statistics Bulletin of the Hong Kong Monetary Authority (**HKMA**), the one-month HIBOR in terms of period average² moved within the range of 1% and 2.57% during the year. Mortgage lending recorded steady growth, with the total outstanding value of all residential mortgage loans rising moderately by 10.3% to HK\$1,512.8 billion. The gross value of new loans drawn down³ decreased slightly by 0.6% year on year in 2019, compared with a rise of 9.9% in 2018 (**Figure 3**).

Figure 3

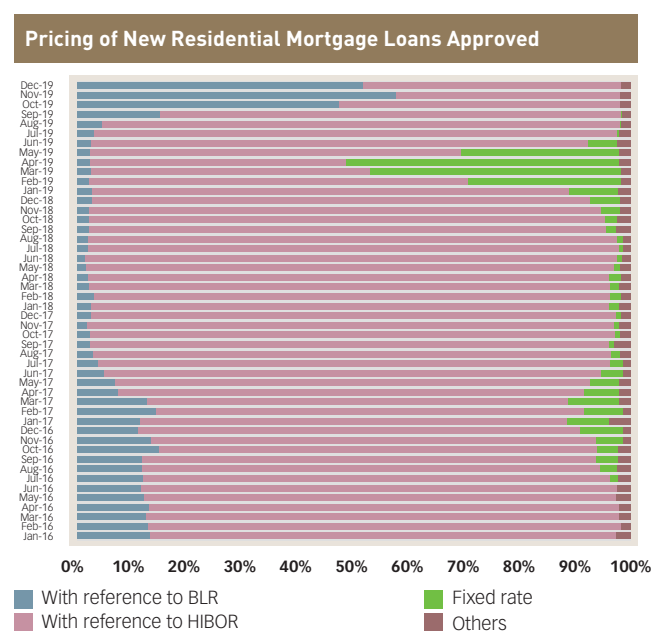


² Source: Hong Kong Monetary Authority

³ Source: Hong Kong Monetary Authority

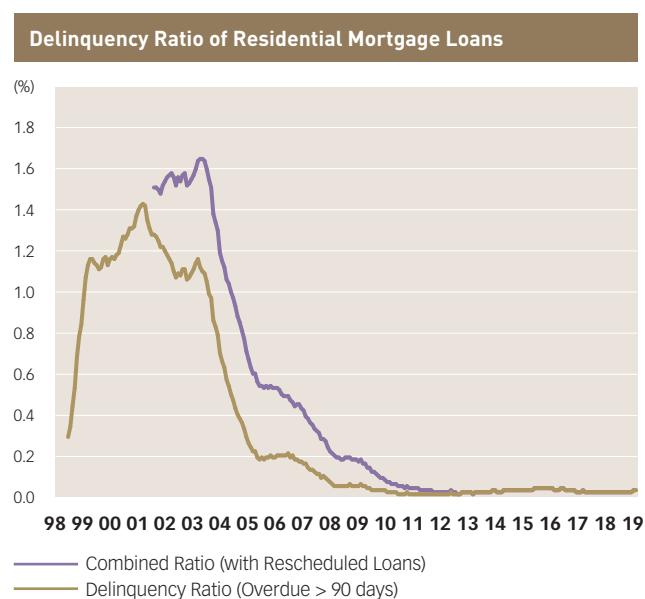
HIBOR-based mortgages appeared to be more receptive to borrowers for much of the year. As at December 2019, 77.1% of new mortgage loans were benchmarked against the HIBOR. The proportion of BLR-based mortgages was high at 48% in January 2019 but started to consolidate since then. As at December 2019, BLR-based mortgages accounted for only 19.8% of the market share; whereas fixed-rate plans had no share in the mortgage loan market throughout 2019 (**Figure 4**).

Figure 4



Under the HKMA's prudent supervision of the mortgage lending sector, the asset quality of residential mortgage loans remained excellent in 2019. The over-90-day delinquency ratio of mortgage loans stayed at the range of 0.02–0.03% throughout the year, reflecting banks' prudent underwriting standards. The combined ratio, which takes into account both delinquent and rescheduled loans, also maintained at a low level at 0.02–0.03% during the same period (**Figure 5**). The estimated number of residential mortgage loans in negative equity as at end-December 2019 was 128 cases, with an aggregate value of HK\$764 million recorded⁴.

Figure 5

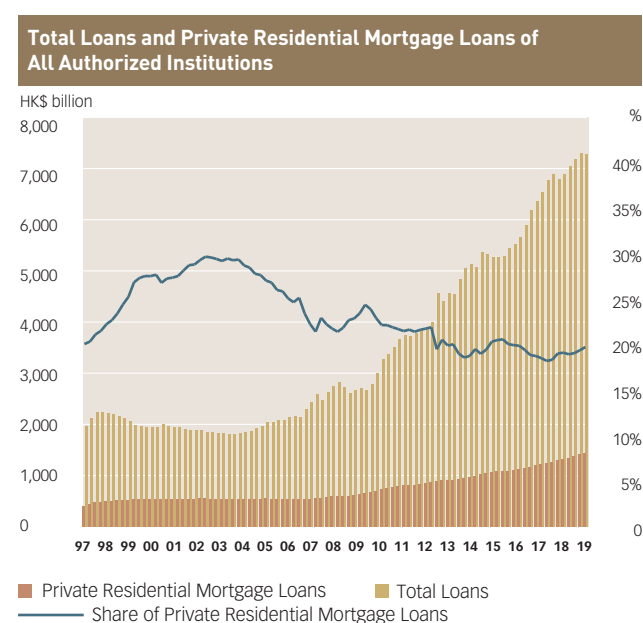


Source: Hong Kong Monetary Authority

Banking-sector Exposure

The total outstanding value of mortgage loans for private residential properties increased to HK\$1,434.8 billion at the end of 2019 (end-2018: HK\$1,313.8 billion), accounting for one-fifth of the total loans in Hong Kong (**Figure 6**). When these mortgage loans are added to the lending for building and construction, along with property development and investment, the value of property-related loans totalled HK\$3,066.53 billion, representing about 42.2% of banks' total loan books. The outstanding value of mortgage loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme increased to HK\$78.03 billion at the end of 2019 (end-2018: HK\$58.38 billion).

Figure 6



Source: Hong Kong Monetary Authority

⁴ Source: Hong Kong Monetary Authority

Asset Acquisition

While the ample liquidity in the market has led to a weak incentive for banks to offload their assets, the Group is prepared to provide liquidity to the market as and when required. In 2019, the Group acquired about HK\$2 million of loan assets.

Funding

In 2019, the global economy entered a synchronised slowdown with heightened uncertainties amid periodic escalation of US-China trade tensions, geopolitical developments and the accommodative monetary policies of major central banks. The Hong Kong economy was also adversely affected by the global economic slowdown and local social incidents. Despite the challenging market conditions, the Group managed to secure prudent pre-funding for loan purchases and refinancing activities. Given the Group's strong background as a wholly government-owned entity and its solid credit ratings, the Group raised debt totalling HK\$17.7 billion, with a maturity of one year or above, in 2019. At the end of the year, the Group's total outstanding debt amounted to HK\$39.7 billion.

The Group is committed to developing the local debt market through regular debt issuances and the introduction of new debt products. Being one of the most active bond issuers in Hong Kong, the Group will continue to issue debt in both the local institutional and retail markets, and diversify its funding sources and investor base to overseas institutional markets. This will not only help broaden the Group's funding base, but also provide institutional and retail investors with high-quality debt instruments to satisfy their need for portfolio diversification and yield enhancement.

The Group has three debt issuance programmes that allow the issuance of debt securities in an efficient and effective manner. With its strong credit rating, the Group's debt issues are well received by the investment community, such as pension funds, insurance companies, investment funds, charities, government-related funds and retail investors. The Group undertakes regular and proactive investor communication to meet and update investors.

Medium Term Note Programme

The Group established the multi-currency Medium Term Note (**MTN**) Programme in June 2007 to broaden its investor base and funding sources in the international market. It was set up with an initial size of US\$3 billion, which was doubled to US\$6 billion in July 2011 to meet growing demand from overseas investors. The multi-currency feature of the programme enables the Group to issue notes in different major currencies, including the Hong Kong dollar, US dollar, renminbi, Australian dollar, British pound, euro, Japanese yen and Singapore dollar, to meet demand from both local and overseas investors. All foreign currency-denominated MTNs are fully hedged into either the US dollar or the Hong Kong dollar. The programme incorporates flexible product features and offering mechanisms for public issuances and private placements to increase its appeal to investors with different investment horizons and requirements. An extensive dealer group comprising major international and regional financial institutions is appointed to support future MTN issuance and provide secondary market liquidity.

In 2019, the Group launched 36 MTN private debt issues totalling an equivalent of HK\$17.7 billion, with a maturity of one year or above. These debt issues included 30-year bonds totalling HK\$1.2 billion to support fixed-rate businesses.

Debt Issuance Programme

The Debt Issuance Programme (**DIP**) was established in July 1998 targeting institutional investors in the Hong Kong dollar debt market. It was set up with an initial programme size of HK\$20 billion, which was doubled to HK\$40 billion in 2003. The DIP provides a flexible and efficient platform for the Group to issue debt and transferable loan certificates with a tenor of up to 15 years. Primary dealers and selling group members are appointed under the DIP to provide wide distribution channels for both public and private debt issues.

Retail Bond Issuance Programme

Dedicated to the promotion of the retail bond market in Hong Kong, the Group pioneered a new offering mechanism in November 2001 and established the HK\$20 billion Retail Bond Issuance Programme in May 2004. Since 2001, the Group has issued retail bonds totalling HK\$13.7 billion. When the market environment is conducive, the Group aims to issue retail bonds regularly to provide an additional investment tool for Hong Kong's retail investors.

Revolving Credit Facility Provided by the Exchange Fund

In January 1998, during the Asian Financial Crisis, the Exchange Fund extended a HK\$10 billion Revolving Credit Facility to the Group. This Facility has enabled the Group to maintain smooth operation under exceptional circumstances so that it can better fulfil its mission to promote banking and financial stability in Hong Kong. While the Group obtains long-term funding from local and international debt markets to finance its operations, the Facility gives the Group an important liquidity fallback. Following the outbreak of the global financial crisis in 2008, the size of the Facility was increased to HK\$30 billion in December that year, demonstrating the HKSAR Government's recognition of the importance of, and further support for, the Group. The Revolving Credit Facility was used by the Group during times of market stress in 1998 and 2008 to partially fund the acquisition of Hong Kong residential mortgage assets from local banks. In both cases, the loans drawn under the Facility were fully repaid with funds raised from the Group's cost-effective debt issuance when the markets stabilised. There was no drawdown under the Facility in 2019.

Credit Rating

The Group's ability to attract investment in its debt securities is underpinned by its strong credit ratings, which are equivalent to those of the HKSAR Government, according to S&P and Moody's.

Credit Ratings of the HKMC

	S&P		Moody's	
	Short-term	Long-term	Short-term	Long-term
Local Currency	A-1+	AA+	P-1	Aa3
Foreign Currency	A-1+	AA+	P-1	Aa3
Outlook	Stable		Stable	

(as at 21 January 2020)

On 21 January 2020, Moody's revised the Group's long-term ratings to Aa3 from Aa2 following the same rating action on the HKSAR Government.

The credit rating agencies have made favourable assessment on the Group's credit standing. The following comments are extracts from the credit rating reports of S&P and Moody's in August 2019 and February 2020 respectively:

S&P

"We equalise our ratings on HKMC with the ratings on Hong Kong, the corporation's sole ultimate owner. This reflects our view of an almost certain likelihood of timely and sufficient extraordinary support from the Hong Kong government in the event that HKMC needs it... We believe HKMC's undertaking of additional policy initiatives over the past several years has a solidifying effect on its ties with the Hong Kong government, and reinforces the integral link between the two entities."

"HKMC has a well-established market position with a unique role to address local Hong Kong banks' liquidity and balance-sheet management needs by purchasing mortgage and loan portfolios, especially in times of stress... A variety of stressful market conditions have tested HKMC's business model. For example, when global financial markets and the local economy were under stress in late 2008 and early 2009, HKMC enlarged its mortgage acquisitions in response to banks' requests, and enhanced its mortgage insurance program. However, it has tightened the eligibility criteria for its mortgage insurance program in recent years, in response to elevated property prices."

"We believe that HKMC benefits from the presence and effective oversight of its vastly experienced and competent set of members as directors on its board. The management team is capable, effective, and experienced, in our view. HKMC's strategic positioning is clear and consistent with its capability and market conditions. The company has always operated within its financial and risk management standards, which we consider to be rigorous and clear."

"We expect HKMC to manage its funding and liquidity with reasonable prudence. It has very strong debt capital market access through its three senior debt programs although it lacks customer deposits. We expect HKMC to maintain a healthy buffer of highly liquid assets, which is more than sufficient to cover its short-term funding needs... Further, a HK\$30 billion revolving credit facility more than adequately covers all liabilities of HKMC maturing within the next year and provides a significant cushion against any unexpected liquidity stress."

Moody's

"HKMC is fully owned by the Hong Kong government through the Exchange Fund. The company carries out policy mandates, which include the promotion of financial and banking stability in Hong Kong; homeownership and the development of the local debt capital market and retirement planning market through the purchase of mortgages from commercial banks and through its general insurance subsidiary the provision of mortgage insurance and reverse mortgages. As part of its mandate to promote banking stability, the company acts as an alternative lender of last resort by standing ready to purchase residential mortgages from banks during times of stress... The company established its annuity subsidiary in 2017 and launched its annuity product in 2018. The company started acquiring infrastructure loans from 2019."

"The government, through the Exchange Fund, provides HKMC with a HK\$30 billion revolving credit facility and additional equity capital when necessary. If the company's credit profile is weakened in a stress scenario, we expect the government to provide timely extraordinary support. The company's public policy mandates are closely aligned with the government's objectives, and its close relationship with the government increases the likelihood of future government support. The government has provided the company with a HK\$5 billion capital injection to set up the annuities business and is prepared to provide more if the business continues to expand."

"The company has maintained very sound asset-quality metrics since its establishment... Hong Kong's residential mortgages have historically performed very well through economic cycles. Even when property prices declined by up to 70% between 1997 and 2003, the company's overall mortgage delinquencies never exceeded 2.0%. The current average loan-to-value ratio of the company's Hong Kong mortgages is below 40%."

"As a wholesale-funded entity with no customer deposits, HKMC relies on the ongoing access to the debt capital market to fund its operations. Nevertheless, the company has a policy of pre-funding its expected asset purchases and maintains a very strong liquidity during normal economic conditions. The company has very good access to capital markets because of its strong financial fundamentals and government affiliation... The company had sufficient liquid assets, including the government facility, to repay all of its outstanding debt as of the end of June 2019."

Mortgage-backed Securitisation

The Group strives to promote the development of the mortgage-backed securities (**MBS**) market in Hong Kong. MBS is an effective financial instrument that can channel long-term funding from the debt market to supplement the need for long-term financing generated by mortgage loans. Banks and financial institutions can make use of MBS to manage risks inherent in mortgage loans, such as credit risks, liquidity risks, interest rate risks and asset-liability maturity mismatch risks. A deep and liquid MBS market can help enhance the development of an efficient secondary mortgage market and further promote Hong Kong as an international financial centre.

The Group has issued a total of HK\$13.2 billion MBS since 1999. The US\$3 billion Bauhinia Mortgage-Backed Securitisation Programme was established in 2001 to provide a convenient, flexible and cost-efficient platform for the Group to issue MBS with various product structures, credit enhancements and distribution methods.

Infrastructure Financing and Securitisation

Amid an enormous and widening funding gap in the international infrastructure financing market, the Group launched the Infrastructure Financing and Securitisation (**IFS**) business in 2019 to accumulate infrastructure loan assets and develop the IFS brand of the Group.

In the early stage, the Group purchases and accumulates infrastructure loans from commercial banks, as well as co-finances infrastructure projects with multilateral development banks and commercial banks.

To consolidate such collaborations of the Group with market players, the Group successfully executed the Master Cooperation Agreement with the International Finance Corporation and the Memorandum of Understanding with China Export & Credit Insurance Corporation (Sinasure) in 2019.

The Group will continue to participate in a step-by-step manner in the infrastructure financing market on commercially viable and financially sustainable terms, by making use of its comparative advantages in terms of strong credit standing and medium-to-long term funding capability while observing prudent commercial principles and risk management policies. It will explore securitisation opportunities after building up the infrastructure loan portfolio and necessary experience.

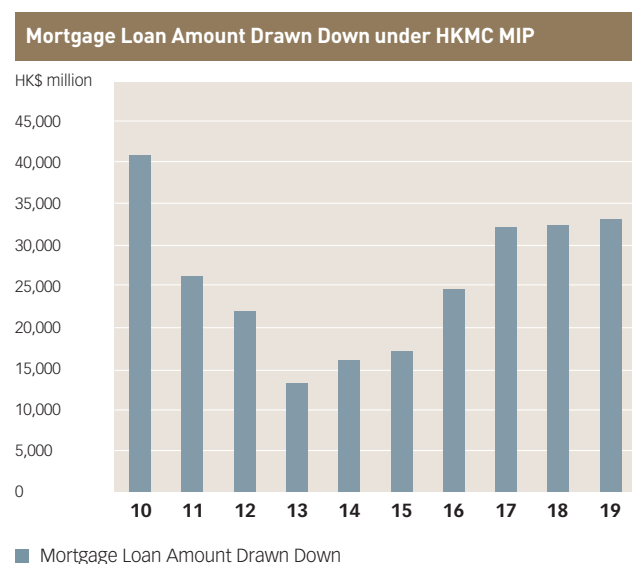
The IFS business will enable the Group to advance its mandates of promoting development of the local debt market and stability of the banking sector, while at the same time fill the infrastructure financing market gaps and foster market development.

Mortgage Insurance Programme

The Mortgage Insurance Programme (**MIP**) helps potential homebuyers who have limited resources for substantial down payment for the purchase of a property. From a banking industry perspective, the MIP allows banks to engage in higher loan-to-value (**LTV**) lending without incurring additional credit risk and jeopardising the stability of the banking system. The MIP creates a win-win situation for both homebuyers and banks.

Over the years, the MIP has been established firmly as an integral part of mortgage financing in Hong Kong. Demand for the MIP remained steady in 2019, and the volume of loans drawn down under the MIP increased slightly to HK\$33.3 billion in 2019 from HK\$32.5 billion in 2018 (**Figure 7**). About 73% of the MIP loans drawn, in terms of loan amount, were secured on properties in the secondary market. This demonstrates the importance of the MIP to homebuyers in the secondary market.

Figure 7



Source: Hong Kong Mortgage Corporation Limited

During the year, the Group joined participating banks to stimulate interest in the MIP. Since 1999, the MIP has helped more than 149,000 families achieve their dream of home ownership, with an aggregate loan drawdown of HK\$401 billion.

Since its establishment in 1997, the Group has been committed to promoting wider home ownership as one of its missions. In order to provide assistance to homebuyers with immediate housing needs, the Group introduced on 16 October 2019 the following amendments to the MIP for completed residential properties:

- the maximum property value eligible for mortgage loans that offer an LTV ratio of up to 80% is HK\$10 million;
- for mortgage loans that offer an LTV ratio of up to 90% and are applicable to first-time homebuyers, the maximum property value is HK\$8 million;
- for homebuyers taking out mortgage loans on properties whose values exceed the existing caps, that is, HK\$6 million for mortgage loans with an LTV ratio of up to 80% and HK\$4 million for mortgage loans with an LTV ratio of up to 90%, an additional 15% premium will be charged; and
- the maximum debt-to-income (**DTI**) ratio for both the above-mentioned and existing MIP loans will be set at 50%, and borrowers have to meet the stressed DTI ratio. First-time homebuyers will still be eligible for MIP loans of up to 80% or 90% in LTV ratio even if they cannot meet the stressed test DTI ratio, subject to an additional adjustment to the premium based on relevant risk factors.

HKMC Retirement Solutions

In line with its long-standing efforts to promote the development of the retirement planning market, the Group launched its corporate brand “HKMC Retirement Solutions” in May 2019, under which its retirement planning products, namely the Reverse Mortgage Programme, Policy Reverse Mortgage Programme and HKMC Annuity Plan, are promoted collectively as a holistic solution to retirement planning. Since the launch, public awareness of retirement planning has been on the rise as the Group focuses its promotion initiatives on not only the financial aspect but also the overall well-being of retirees.

The Group continued to promote the importance of retirement planning across different strata of the society through multiple channels, including public seminars, roving exhibitions, educational videos, publication and printed materials etc. In recognition of its contribution to the development and improvement of the overall financial literacy in Hong Kong, the Group was awarded Financial Education Champion by the Investor and Financial Education Council in both the first and second years of the award. Looking forward, the Group will continue to explore collaboration opportunities with different stakeholders to further promote financial literacy and maximise the impacts of public education across different sectors in the community.

To celebrate the launch of the “HKMC Retirement Solutions”, a Signature Event was held on 8 May 2019 to announce its official inauguration, followed by an educational campaign conducted throughout the year. During the two-day Signature Event, a mini-expo was staged with educational booths and public seminars hosted by different stakeholders of the retirement community, such as The Hong Kong Housing Society, The Hong Kong Jockey Club and Tung Wah Group of Hospitals. All of the public seminars were well attended and the booths successfully engaged hordes of visitors from the community. The rationale behind the Signature Event was to provide retirees with a holistic solution to retirement planning covering different aspects of retirement life. The Signature Event was

a great success, bringing together key stakeholders in the retirement community, as well as banks, non-governmental organisations (**NGOs**), social enterprises and professionals across different sectors to join hands with the Group in raising public awareness of the importance of early retirement planning.

As part of the Group’s brand-building strategy, the “HKMC YouTube Channel” was launched in January 2019, providing a platform to interact with the public by sharing videos of the Group’s different products as well as its first corporate video, entitled “New Idea”, and a video on the “HKMC Retirement Solutions”. Also published on the “HKMC YouTube Channel” are videos of the Signature Event, which feature the launch ceremony and various talks hosted by different stakeholders. The Group will continue to make use of this platform to communicate with the retirement community and the general public.

The Group also leveraged on other means to spread the message of the “HKMC Retirement Solutions”. In particular, media interviews were lined up to enhance the reach of the “HKMC Retirement Solutions”. The Group has also produced educational articles on different topics of retirement planning and circulated these articles to stakeholders for publication on their websites and social media platforms, with the aim of enhancing the financial literacy of the general public and educating them on the importance of starting to plan for their retirement at an early stage.

To facilitate a closer connection between the Group and its customers, and to create an environment conducive to improving the effectiveness of the Group’s business initiatives in the long run, a loyalty programme was established in 2019. In May of the same year, the Group extended invitation to existing customers of the “HKMC Retirement Solutions” to join the programme as members. Activities of different topics, including health and wellness, travel and entertainment, sports, and financial planning, will be organised for members in the form of seminars, workshops and outdoor events. Through participation in these activities, it is hoped that the overall well-being of members could be enhanced and goodwill in favour of the Group could be generated via members’ interactions, which would in turn impress upon a wider segment of the target audience the benefits of the “HKMC Retirement Solutions” in the long run.

Reverse Mortgage Programme

The Reverse Mortgage Programme (**RMP**) aims at providing retirees with an additional financial planning option to enhance their quality of life. Under the RMP, borrowers can use their residential properties in Hong Kong as security to borrow from a participating bank while remaining as the owner of their properties. The borrowers will receive monthly payouts either over a payment term of fixed period or throughout the rest of their lives, and they may also borrow lump-sum payouts for specific purposes.

Thanks to the Group's ongoing efforts in educating the public on retirement solutions, receptiveness to the RMP has increased over the years. More and more people welcome the idea of using the RMP as a financial instrument to generate a stable stream of monthly income after retirement. The Group from time to time reviews the RMP and introduces enhancement features, so as to better meet the needs of retirees. To this end, the Group has been soliciting views actively from existing and potential customers as well as industry practitioners via focus groups and meetings. Participants are encouraged to share views in an open setting and have contributed remarkable insights which are useful for the ongoing development of the RMP.

To reach the target audience at district level, the Group joined hands with banks and leveraged on their wide distribution networks in organising an array of roving exhibitions at the banks' local branches in various districts across Hong Kong Island, Kowloon and the New Territories. The exhibitions featured displays and videos that introduced the benefits of the RMP. Game booths were set up to engage visitors and deepen their understanding of the RMP. Staff members of the Group and representatives of banks were available on site to address the enquiries of potential customers. Apart from the exhibitions, the Group also adopted a "train-the-trainer" approach in its collaborations with banks and other stakeholders to organise more than 50 public seminars during the year. The public's response was positive, with an average attendance of 50 to 100 participants recorded in each seminar. Many people showed a keen interest and were eager to know how the RMP could help enhance the quality of their retirement life.

Alongside community-based promotions, advertising initiatives were undertaken on multiple fronts to reach out to the mass public. RMP commercials were broadcast on mainstream television channels via the Announcements in the Public Interest and at banks' local branches. In addition, a series of short videos featuring different benefits of the RMP was produced and has been broadcast on the "HKMC YouTube Channel" since May 2019.

Policy Reverse Mortgage Programme

To better meet the needs of retirees through an alternative retirement planning option, the Group conducted a study on the feasibility of singling out the assignment of a life insurance policy as the sole collateral of a mortgage loan and launched a new business initiative, known as the Policy Reverse Mortgage Programme (**PRMP**), in May 2019 by replicating the business model of the RMP.

A policy reverse mortgage is a loan arrangement which enables borrowers aged 60 or above to use their life insurance policy as collateral in return for a stable stream of monthly payouts from a lender. Under the PRMP, borrowers may opt to receive the monthly payouts over a fixed period of time or throughout the rest of their lives, and may borrow lump-sum loans for specific purposes.

In general, the borrowers do not need to repay the policy reverse mortgage loan during their lifetime unless the loan is terminated under specific circumstances. When a policy reverse mortgage becomes due and payable, the lender will enforce the mortgaged life insurance policy within a specified timeframe to repay in full the outstanding loan amount by using the death benefits of the life insurance policy.

To raise awareness of the PRMP, an advertising campaign has been rolled out on public transportation and social media platforms. For example, billboards were placed on the concourse of selected MTR stations and advertisements were posted inside MTR train carriages, on bus exteriors and at the back of bus seats. Online banners were also published on various social media platforms to reach a wider public. Besides advertising, community-based promotions on the PRMP were staged in conjunction with the RMP so as to achieve synergy effects and engage broader segments of society.

HKMC Annuity Plan

HKMC Annuity Limited (**HKMCA**) was established in June 2017 in response to the Government's policy initiative to enhance the quality of the elderly's retirement. The missions of the HKMCA are to facilitate the retirement financial planning of Hong Kong citizens and to promote the development of the local annuity market. Under the HKMC Annuity Plan (**Plan**), the insured will receive a guaranteed stream of monthly fixed annuity income for as long as they live. As at end-2019, a total of 7,610 policies had been issued, involving total premiums of HK\$4.4 billion. The average premium amount per policy was around HK\$570,000.

To further enhance the Plan, the HKMCA relaxed the maximum premium amount per person to HK\$3 million in May 2019, and also introduced a six-month premium discount campaign to further promote the Plan.

To fulfil the objective of market development, a publicity campaign featuring a Hong Kong celebrity, Ms Angelina Lo Yuen-yen, has been carried out since July 2019 to promote the concept of life annuity and the need for longevity risk management. Multiple advertising means, such as the television, the radio and outdoor and digital advertisements, were utilised to convey the message to the target audience. To further reach out to the community, the HKMCA organised more than 33 public seminars in 2019 and participated in the Golden Age Expo and Summit 2019 as well as the 50+ Expo to educate the public on the importance of having a balanced financial retirement portfolio. These efforts have successfully drawn public attention to annuity products. Following a rapid growth of 40%, or HK\$10.8 billion⁵, in new premiums for the local annuity market in 2018, the local annuity market continued to register strong growth in 2019, with new premiums on annuity products reaching HK\$20.9 billion⁵ for the whole year.

Extension of 80% guarantee product under SME Financing Guarantee Scheme (80% SFGS)

As part of the package of support measures announced in the 2012-13 Budget for local SMEs to tide them over in the uncertain global economic environment, the Group promulgated time-limited special concessionary measures under the market-based SFGS, providing 80% guarantee on eligible loan facilities at a substantially lowered guarantee fee rate (**80% SFGS**). Backed by the Government's total guarantee commitment of up to HK\$100 billion, the 80% SFGS helps SMEs obtain loans for general working capital or the purchase of equipment or other assets to support business operations. The Group administers the 80% SFGS on prudent commercial principles. The guarantee fees are set aside to pay default claims from participating lenders and out-of-pocket expenses to be incurred under the arrangement. A total of 31 Authorized Institutions (**AIs**) participate in the SFGS as lenders.

In a bid to further alleviate the financing burden of local SMEs and help them obtain financing, the following three enhancement measures were launched in November 2018:

1. halving the annual guarantee fee rate;
2. increasing the maximum facility amount from HK\$12 million to HK\$15 million; and
3. lengthening the maximum guarantee period from five years to seven years.

The 80% SFGS was initially open for application over nine months until 28 February 2013. It was subsequently extended several times. The application period for the 80% SFGS and the validity period of the three enhancement measures introduced in November 2018 were further extended to end-June 2022.

⁵ Source: Insurance Authority

In September 2019, a new relief measure was introduced under the 80% SFGS. It aims to provide immediate support to SMEs which are facing stronger cash flow pressure amidst the economic uncertainties. The new relief measure allows SFGS borrowers to apply for a renewable principal moratorium of up to six months, subject to a maximum of 12 months in total. During the period of principal moratorium, they have to make only the interest payments. The new measure is applicable to both existing and new SME borrowers. It took effect on 4 September 2019 and will last for one year.

The 80% SFGS has been well received by the market. As at 31 December 2019, the Group had approved more than 17,200 applications for loans amounting to HK\$72.3 billion. More than 9,500 local SMEs and more than 242,100 related employees have benefited.

Launch of 90% guarantee product under SME Financing Guarantee Scheme (90% SFGS)

The Financial Secretary announced in August 2019 that the Government would introduce a new 90% guarantee product under the SFGS (**90% SFGS**). Following the approval of a total guarantee commitment of HK\$33 billion by the Finance Committee of the Legislative Council, the 90% SFGS was launched on 16 December 2019. The 90% SFGS aims to provide additional support to smaller-sized enterprises and businesses with relatively less operating experience to obtain financing. The total loan amount for an enterprise and its related entity is capped at HK\$6 million for a maximum guarantee period of five years. The same guarantee fee rate as the existing 80% SFGS is applicable. The application period of the 90% SFGS will last until 30 June 2022.

As with the 80% Guarantee Product, the guarantee fees are set aside to pay default claims and related out-of-pocket expenses.

Since the launch of the 90% SFGS in December 2019 and up to 31 December 2019, the Group had received 23 applications and approved 19 of them, involving a total loan amount of HK\$39.2 million.

Further to the SFGS communication campaign commenced in 2016, the Group continued to communicate closely with participating lenders, SME associations and chambers of commerce and industry. It also shared some success stories of SMEs to enhance understanding and promote public awareness of the SFGS.

During the year, the Group arranged regular or tailor-made training and workshops for lenders' staff members and shared business and claim statistics with lenders to enhance transparency and promote more active use of the SFGS. The Group also introduced the SFGS in seminars for SMEs to increase public awareness of the SFGS.

Microfinance Scheme

The Group operated the Microfinance Scheme (**MFS**), liaising with participating banks and NGOs to offer loans at an affordable rate and support services to people wanting to start their own business, become self-employed or achieve self-enhancement through training, skills upgrading or professional certification.

The MFS had been operating smoothly since its launch in June 2012. By the end of 2019, the MFS had approved altogether 221 loans with a total loan amount of HK\$55.5 million.

Financial Review

Financial Review

The global economy encountered a synchronised slowdown in 2019 due to a broad-based deterioration of global trade, investment, manufacturing activities and even consumption, amidst uncertainties arising from US-China trade tensions, Brexit process and other geopolitical events. Most central banks have taken steps to reverse the tightening or normalisation stance towards monetary easing. In Mainland China, economic growth softened notably from 2018 despite remaining largely resilient.

Hong Kong's economic growth contracted by 2.9% year-on-year in the third quarterly of 2019, representing an abrupt deterioration from its mild growth of 0.5% in the first half of the year. The local social incidents took a heavy toll on the consumption- and tourism-related sectors, dealing a very severe blow to an economy already weakened by a synchronised global economic slowdown and escalated US-China trade tensions. External demand registered an enlarged decline in the third quarter, while domestic demand also worsened significantly. The unemployment rate edged up to 3.3% in the fourth quarter as the labour market eased along with the worsening economic conditions.

Income Statement

Financial Performance

Profit attributable to shareholder increased to HK\$317 million (2018: HK\$127 million) (**Table 1**). The increase in profitability was primarily attributable to the decrease in accounting loss as a result of the decrease in provisions for maintaining prudent statutory reserves based on actuarial assumptions for the Group's annuity business along with lower business intake during the year and the increase in investment return on the placements with the Exchange Fund. Notwithstanding that, the increase in profit was partly offset by additional resources utilised for the Group's missions and certain policy initiatives of the HKSAR Government. Accordingly, return on equity was 2.1% (2018: 0.9%) while cost-to-income ratio decreased to 58.7% (2018: 86.0%). Despite the reported accounting loss of annuity business, the embedded value of the annuity business was about HK\$5.3 billion, indicating that the business should be profitable in the long term.

The capital adequacy ratio stood solid at 30.2% (2018: 26.8%) so as to preserve capital for business development. The respective solvency ratios of the Group's two insurance subsidiaries were about 39 times (2018: 42 times) for general insurance business and 22 times (2018: 34 times) for annuity business, each well above the relevant minimum regulatory requirements.

Table 1

Summary of financial performance	2019 HK\$ million	2018 HK\$ million
Operating profit before impairment	337	67
Profit before tax	337	67
Profit attributable to shareholder	317 ¹	127 ¹
Return on shareholder's equity	2.1% ¹	0.9% ¹
Cost-to-income ratio	58.7% ¹	86.0% ¹
Capital adequacy ratio	30.2%	26.8%

¹ After excluding an accounting loss for maintaining prudent statutory reserves based on actuarial assumptions for annuity business made by the HKMC Annuity Limited, a wholly-owned subsidiary of the HKMC, the adjusted attributable profit to shareholder, return on shareholder's equity and cost-to-income ratio for 2019 would be HK\$443 million, 4.2% and 41.8% respectively (2018: HK\$515 million, 5.1% and 36.7% respectively).

Net Interest Income

The HKMC Group earned a net interest income of HK\$524 million, HK\$12 million lower than that for 2018. The decrease was mainly due to the reduction of average mortgage loan portfolio as a result of loan repayment and prepayment, partially cushioned by the purchase of infrastructure loans during the year and increase in other average interest-earning assets (i.e., cash and debt investments). The net interest margin was maintained at 1.0% (**Table 2**).

Table 2

Net Interest Income	2019 HK\$ million	2018 HK\$ million
Net interest income	524	536
Average interest-earning assets	53,839	50,972
Net interest margin	1.0%	1.1%

Net Mortgage Insurance Premium Earned

New business underwritten under the MIP increased slightly to HK\$33.3 billion in 2019 from HK\$32.5 billion in 2018. The net premium receipts (after discount to customers) were amortised and recognised as income in accordance with the unexpired risks. Taking into account upfront incentives to banks, and claims incurred and provision of around HK\$3 million (2018: HK\$4 million), the net premium earned was HK\$196 million (2018: HK\$222 million).

Net Insurance-related Results for Annuity Business

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 reduced loss of HK\$387 million (2018: HK\$550 million) amid the lower new business intake during the year. The accounting loss was mainly due to the prudent statutory reserving based on actuarial assumptions, whereas the investment returns on capital and premiums placed with the Exchange Fund were grouped under other income.

Other Income

Other income was HK\$465 million (2018: HK\$250 million), mainly representing investment income of HK\$465 million (2018: HK\$185 million) from placements with the Exchange Fund, net gain of HK\$33 million (2018: net loss of HK\$14 million) on investments at fair value through profit or loss, dividend income of HK\$20 million (2018: HK\$59 million) from investments, and exchange loss of HK\$38 million (2018: gain of HK\$12 million) arising primarily from US dollar exposures in cash and debt investments.

Operating Expenses

The Group continues to maintain stringent cost controls to contain expenses and improve operating efficiency. Amid the increase in resources utilised for supporting the Group's core missions and certain policy initiatives of the HKSAR Government, operating expenses rose to HK\$480 million (2018: HK\$412 million), less than budget. Staff costs, which were contained at 61.7% of total operating expenses, amounted to HK\$296 million (2018: HK\$258 million).

Allowance for Loan Impairment

Asset quality remained strong, with the delinquency ratio of the Group's mortgage portfolio staying low at 0.02% (2018: 0.02%). Taking into account the purchase of infrastructure loans generally at high credit quality of about HK\$1.9 billion during the year, a provision on loan impairment allowance of HK\$0.9 million was recorded in 2019 (2018: HK\$0.02 million), in accordance with the approved prudent provisioning policy. During the year, loans written off amounted to HK\$0.5 million (2018: HK\$0.6 million) with a recovery of HK\$0.5 million (2018: HK\$0.9 million).

Segmental Analysis

Table 3 below sets out the profit before tax contributed by various business segments for 2019.

Table 3

	Asset Purchase and Servicing HK\$ million	General Insurance HK\$ million	Life Insurance HK\$ million	Total HK\$ million
Year ended 31 December 2019				
Profit/(Loss) before tax	302	163	(128)	337
Year ended 31 December 2018				
Profit/(Loss) before tax	360	173	(466)	67

The profit before tax in 2019 for asset purchase and servicing was HK\$302 million, mainly arising from net interest income of the loan and investment portfolios. General insurance's profit before tax in 2019 was HK\$163 million, mainly attributable to net premiums earned from MIP and RMP. Life insurance recorded a loss before tax of HK\$128 million in 2019, mainly due to the prudent statutory reserves based on actuarial assumptions provided for the annuity business of the HKMCA, partially offset by the investment returns from capital and premium placements with the Exchange Fund. Notwithstanding the reported loss of the HKMCA, the embedded value² of its annuity business at the end of 2019 was about HK\$5.3 billion indicating that the business should be profitable in the long term.

² The embedded value is the sum of the total equity and the present value of future profits. The total equity includes HK\$5 billion of capital injected to the HKMCA in April 2018.

Financial Position

Loan Portfolio

During the year, the Group purchased infrastructure loans of about HK\$1.9 billion (2018: HK\$0.3 billion of Hong Kong loan assets). After accounting for prepayments and repayments of mortgage loan portfolios during the year, the outstanding balance of the loan portfolio was HK\$6.9 billion (2018: HK\$6.4 billion).

Investment Securities

The Group adopts a prudent, low-risk approach in managing its surplus funds and investment activities in accordance with the investment guidelines approved by the Board. As at 31 December 2019, the total investment portfolio was HK\$17.3 billion (2018: HK\$17.2 billion), which included debt investments of HK\$16.9 billion and exchange-traded bond funds and real estate investment trusts of HK\$0.4 billion. There was no default loss from debt investments.

Placements with the Exchange Fund

As at 31 December 2019, the placements with the Exchange Fund arising from the capital investments of the HKMCI and HKMCA and premium investments of the HKMCA amounted to HK\$12.9 billion (2018: HK\$7.7 billion), of which the capital investment of the HKMCI was commenced in 2019.

Debt Securities Issued

In 2019, the Group issued HK\$31.9 billion of debt securities under the MTN Programme. All the non-Hong Kong dollar debts issued under the MTN Programme were hedged into Hong Kong dollars or US dollars. The Group continued to adopt a prudent pre-funding strategy, with the total outstanding balance of the debt securities maintained at HK\$39.7 billion as at 31 December 2019 (2018: HK\$37.3 billion).

Key Off-balance Sheet Exposure

Mortgage Insurance Programme

The Group operates the MIP on a risk-sharing basis with approved reinsurers. At the end of 2019, the total risk-in-force was about HK\$27.9 billion (2018: HK\$23.7 billion), of which HK\$4.8 billion (2018: HK\$4.0 billion) was ceded to approved reinsurers. The off-balance sheet risk-in-force exposure borne by the Group increased to HK\$23.1 billion (2018: HK\$19.7 billion).

The provision for outstanding claims remained steady at 0.1% of the retained risk-in-force at year-end. The delinquency ratio remained healthy at 0.003% (2018: 0.002%).

Reverse Mortgage Programme

The Group operates the RMP as an insurer to provide mortgage insurance cover for a premium on reverse mortgage loans advanced by participating banks in Hong Kong. After taking into account the undrawn future payout of reverse mortgage loans along with the reinsurance arrangement executed in 2019, the risk-in-force exposure borne by the Group increased to HK\$11.2 billion (2018: HK\$9.6 billion), with the corresponding outstanding loan balance totalling HK\$2.3 billion as at 31 December 2019.

Capital Management

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

In accordance with the Guidelines, the calculation of the CAR follows the basis of consolidation for financial reporting with the exclusion of regulated subsidiaries which are subject to separate requirements on the maintenance of adequate capital (i.e., the HKMCI and the HKMCA, as regulated by the Insurance Authority). After excluding the investment cost of these unconsolidated regulated subsidiaries, the CAR remained solid at 30.2% as at 31 December 2019, well above the minimum ratio of 8% stipulated in the Guidelines on CAR.

The solvency ratios of the HKMCI and the HKMCA as at 31 December 2019 were about 39 times and 22 times respectively, well above the respective 200% and 150% minimum regulatory requirements stipulated by the IA.

Dividend

Having considered the capital requirements for business development, no dividend was declared for 2019 (2018: Nil).

Risk Management

Risk Management

The Group operates on prudent commercial principles. The principle of “prudence before profitability” guides the design of the overall risk management framework and disciplines its uses in day-to-day business execution. Over the years, the Group has continuously made refinements to its well-established, robust and time-tested risk management framework to reflect changes in the markets and its business strategies.

The Board is the highest decision-making authority of the Group and holds ultimate responsibility for risk management. The Board, with the assistance of the Corporate Risk Management Committee (**CRC**), has the primary responsibility of formulating risk management strategies in the risk appetite statement and of ensuring that the Group has an effective risk management system to implement these strategies. The risk appetite statement defines the constraints for all risk-taking activities, and these constraints are incorporated into risk limits, risk policies and control procedures that the Group follows to ensure risks are managed properly.

The CRC is responsible for overseeing the Group’s various types of risks, reviewing and approving high-level risk-related policies, overseeing their implementation, and monitoring improvement efforts in governance, policies and tools. Regular stress tests are reviewed by the CRC to evaluate the Group’s financial capability to weather extreme stress scenarios.

The CRC is chaired by an Executive Director, with members including the Chief Executive Officer, Senior Vice Presidents, General Counsel and senior staff from the Risk Management Department.

The Group manages primarily credit risk, market risk, longevity risk, property risk, operational risk, legal and compliance risk, and leveraging risk arising from its loan assets, guarantee portfolio, infrastructure loans, annuity business and investment portfolio.

In addition to the CRC, the HKMC manages different risks through various management committees such as the Infrastructure Financing and Securitisation Investment Committee (**IFSIC**), Credit Committee (**CC**), Transaction Approval Committee (**TAC**), Asset and Liability Committee (**ALCO**), Operational Risk Committee (**ORC**) and Longevity Risk Committee (**LRC**). Other than the IFSIC, which is chaired by an Executive Director, all of these management committees are chaired by Chief Executive Officer with members including the relevant Senior Vice Presidents, General Counsel, and senior staff from the relevant functional departments.

The insurance subsidiaries also have their own Risk Committee (**RC**) to monitor insurance risk and other relevant risks. Each RC is chaired by an Executive Director of these subsidiaries, with members including the Chief Executive Officer, the relevant Senior Vice Presidents and senior staff from the relevant functional departments of these subsidiaries. The RC of the HKMCA includes independent and non-executive directors to provide independent risk oversight of its operation.

Credit Risk

Loan Assets and Guarantee Portfolio

The Group maintains loan and guarantee portfolios of retail and commercial loan assets, which primarily comprise mortgage loans. Credit risk is the Group’s primary risk exposure. It is the default risk presented by loan borrowers and counterparties.

(a) *Default risk*

To effectively address default risk, the Group adopts a four-pronged approach to safeguard and maintain the quality of its assets, MIP and SME guarantee portfolios:

- careful selection of counterparties, including Approved Sellers, Approved Servicers, Approved Reinsurers and Lenders
- prudent eligibility criteria for asset purchase, insurance and guarantee applications
- effective due diligence processes for mortgage purchase, default loss, insurance and guarantee claims
- enhanced protection for higher-risk transactions.

Losses may arise if there are shortfalls in the recovery amount received for defaulted loans that fall under the Mortgage Purchase Programme (**MPP**). To mitigate this default risk, the Group establishes prudent loan purchasing criteria and conducts effective due diligence reviews as part of the loan purchase process to maintain the credit quality of loans. In addition, depending on the projected risk exposure of each underlying loan portfolio, credit enhancement arrangements are agreed upon with Approved Sellers on a deal-by-deal basis to reduce credit losses that could arise from the borrower’s default.

Losses may also arise from a default on loans under the MIP's insurance coverage. Each MIP application is underwritten by the Group in accordance with a set of eligibility criteria and each claim from a participating bank is reviewed by the Group to ensure the fulfilment of all MIP coverage conditions. As a result, the default risk for loans with MIP coverage has been greatly reduced. To reduce the risk of possible concentration of this default risk, the Group transfers a portion of the risk-in-force to Approved Reinsurers through reinsurance arrangements.

Similarly, losses may arise from a borrower's default on loans in the SME guarantee portfolio. The borrower's default risk of each guarantee application is assessed by the lender in accordance with their credit policies. In addition, the Group adopts prudent eligibility criteria, conducts administrative vetting and credit reviews to better understand the credit quality of the applications, and carries out a due diligence review on each default claim to ensure the loan's compliance with the Group's eligibility criteria and the lenders' internal credit policies.

In addition, the Group adopts a three-pronged approach to manage the default risk under the MFS, comprising: (a) prudent assessment of borrowers' repayment capability; (b) a vetting panel to consider business viability and approval of the loan applications; and (c) the provision of training and mentoring support to borrowers.

Credit performances of the loan and guarantee portfolios are tracked and reported on a regular basis to provide management with an updated credit profile to monitor the operating environment closely for any emerging risks to the Group, and to implement risk-mitigating measures in a timely way.

(b) *Seller/Servicer counterparty risk*

Counterparty risks may arise from the failure of an Approved Seller/Servicer of an acquired portfolio to remit scheduled payments to the Group in a timely and accurate manner.

The Approved Sellers/Servicers are subject to a risk-based eligibility review and ongoing monitoring of their loan servicing quality and credit standing.

(c) *Reinsurer counterparty risk*

Reinsurer counterparty risk refers to the failure of an Approved Reinsurer to make claim payments to the Group. To mitigate reinsurer counterparty risk effectively, the Group has a framework in place for the assessment of mortgage reinsurers' eligibility and requested collateral on the risk exposures.

The Group performs annual and ad-hoc reviews of each Approved Reinsurer to determine the eligibility for ongoing business allocation and risk-sharing portions.

(d) *Treasury counterparty risk*

Treasury counterparty risk arises when there is a delay or failure from treasury counterparties to make payments with respect to treasury instruments transacted with the Group. Treasury counterparties are managed by a ratings-based counterparty assessment framework and a risk-based counterparty limit mechanism. The treasury counterparties are continually monitored and the counterparty limits are adjusted based on the assessment results.

Furthermore, the Group has set up bilateral collateral arrangements with major swap counterparties to mitigate treasury counterparty risk.

(e) *Lender risk*

The Group is exposed to lender risk in SME lending that arises from: (a) a lender's underwriting being non-compliant with its credit policy; (b) a lender's loosely formulated credit policy that is not specific enough or sufficiently defined for compliance; and (c) the moral hazard of a lender being less prudent in underwriting a guarantee-protected application. The Group manages lender risk through the review of the lenders' credit policies and the due diligence reviews on claims.

(f) *Insurer counterparty risk*

Insurer counterparty risk arises when there is a delay or failure from the life insurer in meeting its obligations under the life insurance policy assigned to the Group under the Policy Reverse Mortgage Programme (**PRMP**). To mitigate insurer counterparty risk, the life insurance policy to be assigned to the Group must be issued by an insurer authorised under the Insurance Ordinance. Furthermore, the insurers are subject to ongoing monitoring.

At the heart of the credit risk management framework are the CC or TAC, or the RC as in the case of the insurance subsidiaries.

The CC or RC as appropriate is responsible for setting the credit policies and eligibility criteria. The CC or RC as appropriate is the approval authority for accepting applications to become Approved Sellers/Service providers under the MPP, Approved Reinsurers under the MIP, Approved Lenders under the SFGS and eligible treasury counterparties. It is also responsible for setting risk exposure limits for counterparties. The CC and RC monitor the operating environment closely and put in place timely risk-mitigating measures to manage the credit risk.

The TAC or RC as appropriate conducts an in-depth analysis of pricing economics and associated credit risks for business transactions, while taking into consideration the latest market conditions and business strategies approved by the Board.

Infrastructure Loans

Credit risk arises when the counterparty to a financial instrument fails to meet its contractual obligations, leading to potential or actual financial losses to the Group. The credit risk related to the IFS business is managed through prudent underwriting criteria and in-depth due diligence reviews conducted by in-house expertise and independent consultants. All investments take into consideration transaction structures with appropriate risks and returns, acceptable project risks and mitigation measures, including delay risk, construction risk, performance risk, operational risk, commercial risk, financial risk, counterparty risk, concentration risk, legal and compliance risk, regulatory risk, political risk, currency risk, interest rate risk and environmental and social risks, subject to ongoing monitoring and a review mechanism. The Group also adopts a robust internal credit rating methodology and a loss given default methodology to evaluate expected losses arising from an infrastructure loan default.

In terms of the risk governance structure, a dedicated division, inclusive of an independent risk control unit, performs the credit assessment, day-to-day monitoring, reporting and risk management of infrastructure investments. The IFSIC is the governing forum to manage the infrastructure investments and is responsible for overseeing compliance with rules, guidelines and policies in relation to infrastructure finance, and for approving and monitoring the infrastructure investments.

Market Risk

Market risk arises when the Group's income or the value of its portfolios decreases due to adverse movements in market prices. Market risk consists of interest rate risk, asset-liability maturity mismatch risk, liquidity risk and currency risk.

(a) *Interest rate risk*

Net interest income is the predominant source of earnings for the Group. It represents the excess of interest income (from the Group's loan portfolio, cash and debt investments) over interest expenses (from debt issuances and other borrowings). Interest rate risk arises when changes in market interest rates affect the interest income associated with the assets and/or interest expenses associated with the liabilities.

The primary objective of interest rate risk management is to limit the potential adverse effects of interest rate movements on interest income and expenses while maintaining stable earnings growth. The interest rate risk faced by the Group is two-fold, namely interest rate mismatch risk and basis risk. Interest rate mismatch risk is the most substantial risk affecting the Group's net interest income. It arises mainly as a result of differences in the timing of interest rate re-pricing for the Group's interest-earning assets and interest-bearing liabilities. Interest rate mismatch risk is most evident in those loan portfolios where the majority of the loans are floating-rate assets (benchmarked against the Prime Rate or HIBOR), while the majority of the Group's liabilities are fixed-rate debt securities. The Group makes prudent use of a range of financial instruments, such as interest rate swaps, interest rate swaptions, basis swaps, forward rate agreements and issuances of MBS, to manage interest rate mismatch risk. The proceeds of

the fixed-rate debt securities are generally swapped into HIBOR-based funds via interest rate swaps to better match the floating-rate incomes from mortgage assets.

The Group also uses the duration gap as an indicator to monitor, measure and manage interest rate mismatch risk. Duration gap measures the difference in interest rate re-pricing intervals between assets and liabilities. The wider the duration gap, the higher the interest rate mismatch risk. A positive duration gap means the duration of assets is longer than that of the liabilities, and therefore represents greater risk exposure to rising interest rates. A negative duration gap, in contrast, indicates greater risk exposure to declining interest rates.

Depending on the prevailing interest rate outlook and market conditions, the Group proactively re-balances the duration gap of its asset-liability portfolio under the guidance and supervision of the ALCO.

Basis risk represents the difference in benchmark rates between the Group's Prime-based interest-earning assets and its HIBOR-based interest-bearing liabilities. However, there are only limited financial instruments available in the market to fully hedge the Prime-HIBOR basis risk. In general, basis risk can be effectively addressed only when assets are based on HIBOR to match the funding base or when related risk management instruments become more prevalent or economical. Over the past few years, the Group has consciously adopted a strategy that acquires more HIBOR-based assets. As a result, the Prime-HIBOR basis risk for the Group has been substantially reduced. In addition, the Group issues Prime-based MBS and uses hedging derivatives to mitigate such basis risk.

(b) *Asset-liability maturity mismatch risk*

The actual average life of a portfolio of mortgage loans and infrastructure loans, which is usually shorter than their contractual maturity, depends on the speed of scheduled repayments and unscheduled prepayments. Higher prepayment rates shorten the average life of a portfolio of mortgage loans. In Hong Kong, prepayment occurs for two main reasons: (i) housing turnover: borrowers repaying their mortgage loans upon the sales of the underlying properties, and (ii) refinancing: borrowers refinancing their mortgage loans to obtain lower mortgage rates.

Asset-liability maturity mismatch risk can be more specifically characterised as reinvestment risk and refinancing risk. Reinvestment risk refers to the risk of a lower return from the reinvestment of proceeds that the Group receives from prepayments and repayments of its loan portfolio. Refinancing risk is the risk of refinancing liabilities at a higher level of interest rate or credit spread. The Group is exposed to refinancing risk in the funding amount and cost of funds when it uses short-term liabilities to finance long-term floating-rate loan portfolios. Reinvestment risk is managed through the ongoing purchase of loan assets to replenish the rundown in the retained portfolios, and through the investment of surplus cash in debt securities and cash deposits, to fine-tune the average life of the overall asset pool. In addition, the Group uses the issuance of callable bonds and transferable loan certificates to mitigate reinvestment risk. The call option embedded in callable bonds and transferable loan certificates allows the Group to adjust the average life of its liabilities to match more closely with that of the overall pool of assets.

The Group manages its refinancing risk through flexible debt securities issuance with a broad spectrum of maturities. This serves to adjust the average life of the overall liability portfolio in a dynamic fashion. In addition, refinancing risk can be mitigated by adjusting the maturities of assets in the investment portfolio, or off-loading loan assets through securitisation.

The Group uses the asset-liability maturity gap ratio to measure, monitor and manage asset-liability maturity mismatch risk to ensure a proper balance between the average life of the Group's assets and liabilities.

(c) *Liquidity risk*

Liquidity risk represents the risk of the Group not being able to repay its obligations such as the redemption of maturing debt, or to fund committed purchases of loan portfolios. The Group implements its liquidity risk management framework in response to changes in market conditions. The Group continuously monitors the impact of market events on its liquidity position, and pursues a prudent pre-funding strategy to help contain the impact of any global financial turmoil on its liquidity. Liquidity risk is managed by monitoring the daily inflow and outflow of funds, and by projecting the longer-term inflows and outflows of funds across the full maturity spectrum. The Group uses the liquid asset ratio to measure, monitor and manage liquidity risk.

Given its strong background as a wholly government-owned entity and its solid credit rating, the Group is efficient in raising funds from debt markets with both institutional and retail funding bases. This advantage is supplemented by the Group's portfolio of highly liquid investments, which is held to enable a swift and smooth response to unforeseen liquidity requirements. The HK\$30 billion Revolving Credit Facility from the Exchange Fund further provides the Group with a liquidity fallback even if exceptional market strains last for a prolonged period.

The Group manages pre-funding prudently through well-diversified funding sources, so all foreseeable funding commitments are met when they fall due. This supports the growth of its business and the maintenance of a well-balanced liability portfolio. Such diversification allows the Group to pursue a pre-funding strategy at the lowest possible cost, while offering safeguards against the difficulty of raising funds in distorted market conditions. The current funding sources are illustrated in **Table 1** below:

Table 1: Current Funding Sources for the Corporation

Funding Source	Description
US\$6 billion Medium Term Note Programme	An extensive dealer group is appointed to underwrite and distribute local and foreign currency debt to international institutional investors under the programme
HK\$40 billion Debt Issuance Programme	Primary Dealers and Selling Group Members underwrite and distribute debt to institutional investors under the DIP. The Transferable Loan Certificate Sub-Programme under the DIP provides further diversification of its funding sources and broadening of its investor base
HK\$20 billion Retail Bond Issuance Programme	Placing Banks use their branch networks and telephone and electronic banking facilities to assist the Group in offering retail bonds to investors
US\$3 billion Bauhinia Mortgage-Backed Securitisation Programme	This multicurrency, mortgage-backed securitisation programme permits the Group to originate MBS in both the local and international markets
Investment Portfolio	This portfolio comprises mainly cash and bank deposits, commercial paper, high-quality certificates of deposit, and notes that are readily convertible into cash
Money Market Lines	The Group has procured money market lines from a large number of local and international banks for short-term financing
HK\$30 billion Revolving Credit Facility	The Exchange Fund commits to providing the Group with HK\$30 billion in revolving credit

(d) *Currency risk*

Currency risk arises from the impact of foreign exchange rate fluctuations on the Group's financial position and foreign currency-denominated cash flows. The Group manages its currency risk strictly in accordance with the investment guidelines approved by the Board and under the supervision of the ALCO, which sets daily monitoring limits on currency exposure.

In accordance with this prudent risk-management principle, the net exposure of the foreign currency-denominated debts issued under the MTN Programme is fully hedged by the use of cross-currency swaps.

Transaction execution is segregated among the front, middle and back offices to ensure adequate checks and balances. The Treasury Department, acting as the front office, is responsible for monitoring financial market movements and executing transactions in the cash, derivatives, debt and securitisation markets in accordance with strategies laid down by the ALCO. The Risk Management Department, assuming the middle-office role, monitors compliance with treasury counterparty and market risk limits. The Operations Department, acting as the back office, is responsible for deal verification, confirmation, settlement and the payment process.

The ALCO is responsible for the overall management of market risk. It follows the prudent risk management principles and investment guidelines approved by the Board. It is responsible for reviewing and managing the market risk, including interest rate risk, asset-liability maturity mismatch risk, liquidity and funding risk, and currency risk. Regular meetings are held to review the latest financial market developments and formulate relevant asset-liability management strategies.

(e) *Placements with the Exchange Fund*

The HKMCA places its annuity premium receipts in the Investment Portfolio (**IP**) and Long Term Growth

Portfolio (**LTGP**) of the Exchange Fund to earn an investment return. Furthermore, the HKMCA and the HKMCI have been placing their paid-up capital and retained earnings to the IP since April 2019 to manage the return on capital. The Group is exposed to market risk when the investment return falls short of the expected level. The risk of loss could result from adverse movements in interest rates, equity prices, property prices and foreign exchange rates. The Group actively monitors and reviews the investment portfolio to determine the strategic asset allocation between IP and LTGP.

The RCs of the HKMCA and the HKMCI are the governing forums for managing all risks arising from their placements with the Exchange Fund.

Longevity Risk

Longevity risk under the RMP and the PRMP refers to the heightening risk of longer and larger payouts. The longer the payout and loan period, the larger the loan balance will accrue over time, and the lesser the buffer will be from the enforcement of collateral to cover the outstanding loan balance. A loss may arise if there is a shortfall in the recovery amount after the disposal of the property.

Longevity risk under the HKMC Annuity Plan (**Annuity Plan**) is the risk that the actual life expectancies of annuitants are longer than expected, resulting in a longer stream of monthly payouts, which in turn could materially impact the long-term sustainability of the Annuity Plan.

The termination rate of the loans under the RMP, the PRMP and the annuity policies under the Annuity Plan depend largely on the mortality rate (that is, life expectancy) of the borrowers and the annuitants respectively. The Group takes on longevity risk through setting prudent actuarial assumptions in mortality rates as well as future improvement in life expectancy. An annual risk analysis is conducted to assess the potential financial impact of longevity risk, as well as the interaction among the various risk factors under the RMP, the PRMP and the Annuity Plan. The mortality assumptions are reviewed on a regular basis.

The LRC is the governing forum that manages the longevity risk of the Group. Its duties include approving longevity risk management policies, hedging transactions and reviewing longevity experiences and exposures of the Group. It also monitors and analyses the general trend, technological changes and their implications for human longevity.

Property Risk

Property risk arises from fluctuation in the value of property that acts as collateral for the Group's loan and guarantee portfolios under the MPP, MIP and RMP. The Group manages property risk by soliciting valuations from professional surveyors on each property securing a loan purchase or application, setting prudent assumptions in the recoverable value of the collateralised property, restricting maximum loan-to-value ratios of the loans under the relevant programmes and conducting stress tests to examine the impact of adverse market conditions.

The CC and RC are the governing forums that manage the property risk of the Group.

Operational Risk

Operational risk represents the risk of losses arising from inadequacies, or the failure of internal processes, people or systems, or external interruptions.

The Group adopts a bottom-up approach to identify operational risk by conducting in-depth analyses of new products, business activities, processes, system enhancements and due diligence reviews of new operational flows. Comprehensive validation rules, management information system reports and audit trails are in place to track and report any errors or deficiencies.

The Group actively manages operational risk with its comprehensive system of well-established internal controls, authentication structures and operational procedures. The operational infrastructure is well designed to support the launch of new products in different business areas. Rigorous reviews are conducted before the implementation of operational or system infrastructure, to ensure adequate internal controls are in place to mitigate operational risks.

To ensure an efficient and effective discharge of daily operations, the Group pursues advanced technological solutions alongside robust business logistics and controls to carry out its operational activities and business processes. Steps are taken to ensure the accuracy, availability and security of these systems. The Group also takes cautious steps to institute adequate checks and balances to ensure its operations are controlled properly. Effective internal controls help minimise financial risk and safeguard assets against inappropriate use or loss, including the prevention and detection of fraud.

The ORC is responsible for ensuring all line functions in the Group maintain an effective operational risk and internal control framework. The ORC establishes key risk indicators to track the key operational risk items and monitor the effectiveness of the risk-mitigating measures. Operational risk incidents that may potentially indicate a control weakness, a failure or non-compliance in internal processes are logged, reported and handled for operational risk management. The ORC is also responsible for providing directions and resolving issues related to policies, controls and the management of operational issues as well as ensuring prompt and appropriate corrective actions in response to audit findings related to operational risks and internal controls.

Legal and Compliance Risk

Legal and compliance risk arises from the failure to comply with statutory or regulatory obligations and any unenforceability of legal documents in safeguarding the interests of the Group.

The Corporation manages such risk with the assistance of the Legal Office (including the Compliance Function).

The Legal Office, headed by the General Counsel, advises the Group on legal matters. When new products or business activities are considered, the Legal Office will advise on the relevant laws and the necessary legal documentation. Where appropriate, external counsel will be engaged to assist the Legal Office in providing legal support to the Group.

The Compliance Function is part of the Legal Office and is led by the Chief Compliance Officer, who reports to the Chief Executive Officer through the General Counsel. Where appropriate, the Compliance Function will engage external counsel to advise on compliance matters.

The ORC is the governance committee for legal and compliance risk.

Leveraging Risk

To ensure the Group would not incur excessive risk when expanding its business and balance sheet in proportion to its capital base, the Financial Secretary acted as the regulator of the Group and issued the Guidelines on Capital Adequacy Ratio (**CAR**) taking reference principally from the Basel II risk-based capital adequacy framework. The minimum CAR is set at 8%. As at 31 December 2019, the Group's CAR was 30.2%.

The prudent use of regulatory capital is monitored closely in accordance with the capital guidelines. The Chief Executive Officer reports the CAR and the daily minimum ratio to the Board of Directors on a quarterly basis. An early warning system is also in place. If the CAR drops to the threshold level of 14%, the Chief Executive Officer will alert the Executive Directors and consider appropriate remedial actions. If the CAR falls to 12% or below, the Board of Directors will be informed and appropriate remedial actions will be taken.

The capital requirements of the insurance subsidiaries are subject to the regulatory requirements of the Insurance Authority. As at 31 December 2019, the solvency ratios of the HKMCA and the HKMCI were 22 times and 39 times respectively.

Corporate Governance Report

Corporate Governance Report

Corporate Governance Practices

The missions of the Corporation are to promote:

- stability of the banking sector
- wider home ownership
- development of the local debt market
- development of retirement planning market.

The Corporation operates on prudent commercial principles and is committed to ensuring a high standard of corporate governance to improve the overall accountability, transparency and long-term sustainability of its operations. The Corporation's corporate governance practices are set out in its "Corporate Governance Code" (**Code**) approved by the Board. The Code is premised on the principles of fairness, transparency, accountability and responsibility to all stakeholders and has been issued to the sole shareholder, Directors and staff members. The Code is also available on the Corporation's website (www.hkmc.com.hk).

Monitoring of compliance with the Code starts with self-assessment by each department each year, which is to be followed by an independent review by the Chief Internal Auditor of the Control Self-assessment Forms completed by each department. A compliance report will then be submitted to the Board for review. The Board is empowered to require that appropriate action be taken in relation to any non-compliance.

In February 2020, the Chief Internal Auditor conducted an independent review of the Control Self-assessment Forms provided by each department in relation to the compliance with the Code for 2019. Based on the audit findings on the Corporation's internal controls systems and the completed Control Self-assessment Forms for the year, the Chief Internal Auditor was of the opinion that the Code had been complied with in all material respects.

Enhancements to the Corporate Governance Code

Maintaining a robust and sensible framework of corporate governance for the effective and prudent management of the Corporation is always a top corporate priority. To ensure that the Corporation's corporate governance practices are commensurate with the best standards, the Corporation

will review the Code from time to time and will adopt any relevant development in corporate governance practices.

Sole Shareholder

All the shares of the Corporation are held by the Government of the Hong Kong Special Administrative Region for the account of the Exchange Fund.

The Board

The Board is responsible for leading the Corporation and promoting its success in an accountable and effective manner. To provide strategic leadership and effective control of the Corporation, the Board meets in person at least four times a year to oversee the Corporation's business strategy and policies, budgeting and planning, organisational and financial performance, risk management, human resources as well as community relations. In order to ensure that well-balanced decisions are made by the Board, the composition of the Board includes officials from the Government, and representatives from political parties, banking sector and the accounting and legal professions. Directors are encouraged to attend Board meetings to ensure that issues are properly discussed.

The Code requires that Directors are provided with appropriate information before Board meetings to enable them to be updated on the affairs of the Corporation, and make informed decisions at the meetings. During the year under review, four Board meetings were held.

The Code also requires Directors to avoid situations which may, or may be seen to, compromise their personal judgement or integrity in the performance of their duties as Directors of the Corporation or lead to conflict of interests.

Directors are requested to declare their or their respective connected entities' material interests in any matter to be considered by the Board. If a Director or any of his or her connected entities has a conflict of interests in a matter to be considered by the Board, such Director will abstain from, and not be counted in the quorum in respect of, voting on such matter at the Board meeting. In respect of each financial reporting period, the Corporation will seek confirmation from Directors in respect of their and their respective connected entities' material interests

in significant transactions, arrangements or contracts involving the Corporation or its subsidiaries or subsidiary undertakings. Material related-party transactions between the Corporation and its counterparties will be identified and disclosed in the notes to the financial statements each year in accordance with the Hong Kong Financial Reporting Standards.

As at 31 December 2019, there were 14 Directors all of whom were duly appointed by the shareholder of the Corporation. Information about Directors is set out in the Directors' Report published in the Annual Report and also available on the Corporation's website. All Directors, other than the four Executive Directors, are non-executive and are not actively involved in the day-to-day management of the Corporation. Non-Executive Directors, however, do play an important role in bringing their independent judgement, considerable knowledge and diverse expertise to the Board's deliberations which in turn provide effective steer to Management in pursuit of the Corporation's policies. The Corporation does not remunerate its Directors.

For newly appointed Directors, the Corporation will provide an induction briefing on the business activities, strategies and objectives of the Corporation.

The term of a Non-Executive Director is generally one year. Under the Articles of Association of the Corporation, all Non-Executive Directors will retire at the next Annual General Meeting following their appointment but are eligible for re-election.

The Corporation maintains a directors' and officers' liability insurance policy for its Directors and officers against legal proceedings and other claims arising in the course of discharge of their duties in respect of the Corporation.

Chairman and Chief Executive Officer

During 2019, the Hon. Paul Chan Mo-po was the Chairman and Mr Raymond Li Ling-cheung was the Chief Executive Officer. The roles of Chairman and Chief Executive Officer were separate and not performed by the same individual, which ensured a clear division of responsibilities between the Board and the executive functions of the Corporation's Management. The Board is responsible for laying down

strategic direction and business guidelines, approving financial objectives and closely monitoring the Corporation's performance on an ongoing basis. The Chief Executive Officer, who is accountable to the Board, is responsible for leading Management in implementing the Board's decisions in a proper and efficient manner. The Chief Executive Officer also ensures that adequate information relating to the Corporation's business is reported to the Board on a regular basis.

Company Secretary

The Company Secretary is accountable to the Board and its main duty is to ensure that all company secretarial procedures are followed by the Corporation and the Board. In addition, the Company Secretary ensures that Board Papers are provided to Directors in a timely manner prior to each Board meeting. Directors have access to the advice and services of the Company Secretary with a view to ensuring that applicable laws, rules and regulations are complied with in respect of Board proceedings.

The schedule for 2019 Board meetings was provided to Directors in advance to facilitate Directors' attendance at Board meetings. The Code requires that Board Papers should generally be sent to Directors at least seven days before the relevant Board meeting so that Directors could be properly briefed before the Board meeting. Board Papers typically contain comprehensive background or explanatory information about the agenda items and include supporting documents, analyses, research findings, projections, budgets and forecasts, where appropriate. However, any Director adjudged to have a conflict of interests in an agenda item for the Board meeting will not be provided with the relevant Board Paper.

All the minutes of Board meetings and Audit Committee meetings are generally taken in sufficient detail, including the matters considered, decisions reached, concerns raised by Directors and dissenting views expressed at the meetings. All minutes of Board meetings and Audit Committee meetings are kept by the Company Secretary and made available for inspection by any Director, except where a Director has a conflict of interests in any matter discussed under an agenda item, the relevant minutes or materials would be withheld from such Director.

Audit Committee

During the year under review, the Audit Committee comprised the following members:

- Mr Clement Chan, Non-Executive Director (Chairman of the Audit Committee) (appointed on 25 July 2019)
- Mr Howard Lee, Executive Director (appointed on 9 October 2019)
- Prof. Chan Ka-keung, Non-Executive Director
- Ms Anita Fung, Non-Executive Director
- Mr Brian Stevenson, Non-Executive Director (membership ceased upon retirement as Non-Executive Director on 17 May 2019)
- Mr Eddie Yue, Deputy Chairman and Executive Director (membership ceased on 9 October 2019)

The Audit Committee is responsible for reviewing the Corporation's financial statements, the composition and accounting principles adopted in such statements, the results of the financial audits, and the Corporation's management procedures to ensure the adequacy and effectiveness of its internal controls systems.

The Audit Committee holds regular meetings with Management, the Chief Internal Auditor and external auditor. The Audit Committee also meets on an ad hoc basis to consider special issues requiring its attention. The Chairman of the Audit Committee summarises the reviews conducted by the Audit Committee, and highlights any major issues in a report for submission to the Board for Directors' consideration. In 2019, the Audit Committee held two meetings.

Internal Auditor

The Group Internal Audit (**GIA**) Department operates independent of Management and plays a major role in assessing the internal controls systems of the Corporation. The GIA Department is led by the Chief Internal Auditor who reports directly to the Chairman of the Audit Committee on all matters relating to the Corporation's internal

controls. The Chief Internal Auditor also reports to the Chief Executive Officer on day-to-day administrative matters of the GIA Department, and has authority to communicate directly with the Chairman of the Audit Committee without reference to Management.

Each year, the Audit Committee formally approves the annual Internal Audit Work Plan drawn up by the Chief Internal Auditor based on his independent risk assessment and observations of relevant risk management topics discussed at meetings of the Operational Risk Committee and the Corporate Risk Management Committee. In accordance with the annual Internal Audit Work Plan, the GIA Department adopts a risk-based audit approach in conducting its independent reviews of the Corporation's internal controls systems. After each review, the GIA Department discusses the audit findings and recommendations with the relevant department heads, Senior Management and Executive Director. Internal audit reports are submitted to the Audit Committee for review and, thereafter, to the Board for information.

Over the years, Management has adopted an active approach in considering audit findings and recommendations made by the Chief Internal Auditor and closely monitored their implementation.

External Auditor

The Corporation's external auditor is PricewaterhouseCoopers. Detailed information in respect of the auditor's remuneration is disclosed in the Corporation's financial statements. The auditor is allowed to communicate freely with the Chief Internal Auditor and the Audit Committee. To ensure its independence with respect to the Corporation, the auditor would issue a letter, on an annual basis, to the Audit Committee to confirm its independence based on the requirements under section 290 of the Code of Ethics for Professional Accountants of the Hong Kong Institute of Certified Public Accountants. For the purpose of the audit of the Corporation's financial statements for the year ended 31 December 2019, PricewaterhouseCoopers has confirmed its independence to the Audit Committee.

Financial Reporting

The Corporation aims to present a clear, balanced and comprehensible assessment of its performance, financial position and prospects to its stakeholders and the general public. Directors are responsible for the preparation of the financial statements, and there is a statement by the auditor regarding its reporting responsibilities in the Independent Auditor's Report on such financial statements. Directors are to ensure that financial statements are prepared so as to give a true and fair view of the financial status of the Corporation. The annual and interim results of the Corporation are announced in a timely manner after the end of each relevant period.

Internal Controls

The Board has the overall responsibility for the Corporation's internal controls systems and, through the Audit Committee, conducts periodic reviews on the adequacy and effectiveness of the systems.

Various committees have been established to ensure the efficient operation and prudent risk management of the Corporation. These include the Corporate Risk Management Committee and Infrastructure Financing and Securitisation Investment Committee which are both chaired by an Executive Director to oversee the risks of the Corporation from an enterprise-wide perspective, and the Operational Risk Committee, the Credit Committee, the Transaction Approval Committee, the Asset and Liability Committee and Longevity Risk Committee, each chaired by the Chief Executive Officer. Each of these committees has clear and well-defined terms of reference. Detailed descriptions of these committees and the risk management framework of the Corporation are set out in the Risk Management section of the Annual Report.

The internal controls systems are designed to provide reasonable assurance against material misstatement or loss, manage risks of failure in the operational processes and the attainment of business objectives, safeguard assets against unauthorised use, ensure the maintenance of proper accounting records for internal use and publication, and ensure compliance with policies and applicable legislation and regulations.

Compliance Reporting

The Compliance Function is part of the Legal Office and is established for focused management of regulatory and compliance risk.

The Compliance Function is led by the Chief Compliance Officer who reports to the Chief Executive Officer through the General Counsel. In accordance with the Group Compliance Policy and the Group Compliance Manual of the Corporation, the Compliance Function monitors and advises departments of the Corporation on their compliance practices with a focus on conflict of interests, anti-corruption, anti-discrimination, competition, privacy and personal data protection, anti-money laundering and counter-terrorist financing matters for 2019. The Compliance Function conducted compliance audits in 2019 to help ensure that departments of the Corporation maintain robust compliance practices.

To provide transactional support, the Compliance Function undertook reviews of and participated in the sign-off of key transactions during the year. It also organised training to strengthen staff knowledge on compliance matters. To enhance staff knowledge on compliance matters, Compliance Function implements an annual compliance test with different modules for relevant staff from different departments and subsidiaries of the Corporation.

Code of Conduct

The Corporation requires the highest standards of integrity and conduct from its staff members. The requirements and the relevant legal obligations are clearly set out in the Corporation's Code of Conduct (**Code of Conduct**) which forms part of the Staff Handbook. The Code of Conduct sets out, in particular, provisions in regard to potential conflict of interests that may arise between personal interests of staff members and the interests of the Corporation, and other provisions designed to ensure that staff carry out their job duties properly, ethically, impartially and free from any suggestion of improper influence.

A copy of the Code of Conduct is available on the Corporation's intranet to all staff members.

Staff members are required to give written confirmation of their compliance with the Code of Conduct on an annual basis. Based on the confirmation received from the staff members, Management was satisfied that staff members had complied with the Code of Conduct in 2019.

Communication

The Corporation attaches great importance to communication with the public. The Annual Report of the Corporation contains comprehensive information on its business strategies and developments. The Corporation's website (www.hkmc.com.hk) offers timely access to the Corporation's press releases and its business information. The Corporation also maintains a telephone hotline to service enquiries from the public.

Corporate Social Responsibility

The Corporation is committed to fulfilling its corporate social responsibility (**CSR**). In recognition of its contribution to the community and commitment to CSR, the Corporation has been awarded the Caring Organisation Logo by the Hong Kong Council of Social Service each year since 2008 and is now in its twelfth year of CSR participation. In appreciation of employers who place high value on their employees' retirement needs, the Corporation has received the Good MPF Employer Award from the Mandatory Provident Fund Schemes Authority each year since 2014.

In addition, the Corporation continues to maintain the Corporation's website accessible for everyone, including persons with disabilities such as blindness and deafness.

HKMC Insurance Limited (HKMCI) and HKMC Annuity Limited (HKMCA)

The Corporate Governance Codes of the HKMCI and the HKMCA (wholly-owned subsidiaries of the Corporation and

authorised insurers under the Insurance Ordinance to carry on general insurance business and long term insurance business in or from Hong Kong respectively) closely follow the Corporation's Code, incorporating best corporate governance practices. During the year, the Board of each such subsidiary comprises members from the Board of the Corporation and from the Senior Management of each such subsidiary. Directors of the HKMCI and the HKMCA were appointed by the Financial Secretary as ultimate owner of both subsidiaries. The Audit Committee of each subsidiary provides regular reporting to the Corporation's Audit Committee.

In February 2020, the Chief Internal Auditor of the Corporation and the Head of Internal Audit of the HKMCA conducted independent reviews of the Control Self-assessment Forms provided by each department or function of the HKMCI and the HKMCA in relation to the compliance with the Corporate Governance Codes of the HKMCI and the HKMCA for 2019 respectively. Based on the audit findings on both subsidiaries' internal controls systems and completed Control Self-assessment Forms for the year, the Chief Internal Auditor of the Corporation and the Head of Internal Audit of the HKMCA were of the opinion that the Corporate Governance Codes of the HKMCI and the HKMCA had been complied with in all material respects respectively.

Conclusion

The Board was satisfied with the corporate governance practices of the Corporation during 2019. In 2020, the Corporation will continue to review its corporate governance framework and improve those practices as appropriate in the light of ongoing experience, regulatory changes, international trends and developments in order to enhance the Corporation's efficiency and effective management in pursuit of its missions.

香港按揭证券有限公司于一九九七年三月成立，由香港特别行政区政府通过外汇基金全资拥有。香港按揭证券有限公司拥有三间全资附属公司，分别为香港按证保险有限公司、香港年金有限公司及香港按揭管理有限公司。

使命

促进：

- 银行业界稳定
- 市民置业安居
- 本地债券市场发展
- 退休规划市场发展

信贷评级

	标普		穆迪	
	短期	长期	短期	长期
本地货币	A-1+	AA+(稳定)	P-1	Aa3
外币	A-1+	AA+(稳定)	P-1	Aa3
前景	稳定		稳定	

(截至二零二零年一月三十一日)

目录

69	财务摘要	117	财务回顾
71	主席报告	121	风险管理
75	组织架构	131	企业管治报告
80	董事局成员	136	董事报告
83	大事纪要	151	独立核数师报告
98	企业社会责任	159	财务报表
103	业务回顾		

财务摘要

	二零一九年 千港元	二零一八年 千港元	二零一七年 千港元
本年度			
净利息收入	523,991	536,209	507,578
股东应占溢利	317,461 ⁴	126,558 ⁴	806,395
购买贷款	1,876,551	287,705	315,793
债券发行 ¹	17,724,508	12,424,465	17,856,470
保险费净额			
— 一般保险业务	466,215	565,739	417,076
— 年金业务	1,630,827	2,780,240	不适用
于年终			
贷款组合净额	6,928,045	6,442,064	7,829,441
已发行债券	39,710,963	37,292,877	34,840,706
承担风险			
— 按揭保险 ²	23,075,987	19,723,956	17,588,701
— 安老按揭保险 ³	11,239,454	9,644,152	6,875,721
其他数据			
净息差	1.0%	1.1%	1.1%
资本充足率	30.2%	26.8%	21.0%
成本对收入比率	58.7% ⁴	86.0% ⁴	26.8%
股东资金回报率	2.1% ⁴	0.9% ⁴	8.6%

¹ 年期达一年或以上的债券。

² 承担风险已撇除已作出再保险安排的风险。

³ 承担的风险包括安老按揭贷款的未偿还结余及已承诺但未提取的未来年金(已撇除已作出再保险安排的风险)。已承诺但未提取的未来年金，指根据年金年期，预计于未来需向贷款人支付的金额。

⁴ 为方便比较，在扣除按揭证券公司全资附属公司——香港年金有限公司基于精算假设对其年金业务因需要维持审慎的法定储备而引起的会计亏损后，二零一九年经调整的股东应占溢利、股东资金回报率和成本对收入比率分别为4.43亿港元、4.2%及41.8%(2018年：分别为5.15亿港元、5.1%及36.7%)。

主席报告

主席报告

拓展多元业务达成核心使命
及社会目标。



陈茂波
主席

受中美贸易摩擦升温、英国硬脱欧风险及中东地缘政局紧张等众多因素带来的巨大下行压力困扰，全球经济于二零一九年经历同步放缓。美国经济增长减慢，欧元区经济轻微增长。中国内地经济增长势头虽减速，但仍达增长目标。

面对多项严重不利外围因素，香港经济在二零一九年上半年已相当疲弱。受本地社会事件的严重打击加重影响，经济于下半年急剧转差，录得自二零零九年以来首次年度收缩。住宅物业市场在二零一九年首五个月普遍维持活跃之后自六月起一直进行整固。然而，楼价下调幅度温和，仍与经济基调及大众负担能力脱节。

购买按揭资产

因应银行体系资金充裕继续削弱银行出售按揭资产的意欲，本集团于二零一九年购入约200万港元（二零一八年：2.877亿港元）的贷款资产。本集团担当著维持香港银行及金融稳定性的关键角色，一直作好准备，在有需要时从银行购买按揭贷款。

推动债券市场发展

本集团在推动本地债券市场发展方面，一直扮演重要角色，过去二十年来一直是香港主要、活跃的企业发债人。二零一九年，本集团发行了不同货币的债券（年期一年或以上），总额约177亿港元，以满足本集团的再融资需求及支持公司业务。本集团获标普全球评级给予「AA+」和穆迪给予「Aa3」的信贷评级，与香港特区政府的信贷评级相同。

协助市民置业安居

按揭保险计划是香港物业按揭市场主要部分之一。自一九九九年推出以来，按揭保险计划已协助超过149,000个家庭自置居所，履行本集团促进更多自置居所的核心使命。于二零一九年十月，按揭保险计划推行多项优化措施，使有急切住居需要的自置居所人士能更易购买已落成住宅物业。于二零一九年，该计划的需求保持稳定，所批核的新提取按揭贷款总额为333亿港元（二零一八年：325亿港元）。

继续支援中小型企业

香港约有340,000间中、小型企业(「中小企」)。香港特区政府透过本集团获委托营运的中小企融资担保计划下八成信贷担保产品，继续为中小企银行贷款提供支援，令他们能改善资金周转、把握经济机遇及提升竞争力。

作为协助中小企渡过经济不景的部分连串纾困措施，香港特区政府在去年下半年将八成信贷担保产品的申请期延长至二零二二年。与此同时，香港特区政府亦委托本集团及时就八成信贷担保产品推出如延迟偿还本金等更多优化措施，并新推出信贷担保总额为330亿港元的九成信贷担保产品。新产品旨在协助规模较小、经营经验尚浅的企业取得融资，自二零一九年十二月推出以来，一直受市场欢迎。

本集团与参与计划的银行、中小企商会及工商业商会保持密切沟通，协助解决有财困的中小企不时变化的需要。截至年底，本集团已批出超过17,300宗申请，涉及贷款总额723亿港元，中小企融资担保计划自推出以来已惠及超过9,500间本地中小企及逾242,000名员工。

为进一步纾缓受新型冠状病毒病疫情重创的企业的现金流问题，同时有鉴于疫情对本地经济长期造成不利影响，于二零二零年四月在中小企融资担保计划下新推出由政府提供百分百担保的特惠低息贷款产品，其核准贷款总额最多为500亿港元；八成及九成信贷担保产品亦会推出进一步优化措施，包括提供利息补贴及扩展范围至在港上市企业，令更多受疫情影响的企业受惠。

促进退休规划市场的发展

为履行促进香港退休规划市场发展的核心使命，本集团于二零一九年推出别具特色的整体品牌「HKMC退休方案」，以满足社会对退休规划的需求。

本集团分别于二零一一年及二零一九年推出安老按揭计划及保单逆按计划，是「HKMC退休方案」旗下三款产品中的其中两款。两者均旨在为退休人士提供新的财务策划选择，以流动性低的资产作为抵押品(就安老按揭计划而言，抵押品为物业，而就保单逆按计划而言，抵押品则为寿险保单的身故赔偿)，确保退休后获得稳定现金流。本集团成功持续推出重点教育活动，令安老按揭计划及保单逆按计划的市场认受程度不断提升。

本集团于二零一八年年中推出的香港年金计划，是「HKMC退休方案」旗下的第三款产品。该计划旨在透过提供年金产品，推动退休规划及促进本地年金市场发展。该计划协助长者将一笔过现金转化为终身每月定额收入。年内，该计划进行持续优化以满足日益增长的客户需求。本集团亦加强推广及教育力度，成功提升长寿风险管理及退休理财重要性的公众意识，促进本地年金市场的快速发展。于二零一九年，该计划的所收保费显著增长16亿港元，自计划推出以来所收保费累计达44亿港元。

「HKMC退休方案」品牌旗下的所有三款产品均具备即时性、稳定性及终身享有的特点，市面罕见，亦为退休规划提供有效的理财方案选择。

发展基建融资及证券化业务

于二零一九年，本集团按审慎商业原则在稳健风险管理框架下，发展基建融资及证券化新业务。本集团待建立基建贷款资产组合及累积所需经验后将寻找证券化机会。凭藉其卓越信贷评级和中长期资金融资能力，本集团在新业务中透过促进基建投融资活动，将能进一步履行其促进银行业稳定和本地债券市场发展的使命。

二零一九年财务表现

尽管投放额外资源于本集团的核心使命及香港特区政府若干政策，且本集团的年金业务发展因维持审慎法定储备而继续录得会计亏损，股东应占溢利升至3.17亿港元(二零一八年：1.27亿港元)。年金业务虽录得会计亏损，但其内含价值约为53亿港元，显示该业务长远而言应有盈利。

资本充足率处于30.2%的稳健水平(二零一八年：26.8%)，以预留资金作业务发展之用。本集团辖下从事一般保险业务的附属公司的偿付能力充足率约为39倍(二零一八年：42倍)，从事年金业务的另一附属公司则约为22倍(二零一八年：34倍)，两者均远高于相关最低监管要求。

展望二零二零年

面对新型冠状病毒病疫情以及国际贸易摩擦和地缘政治风险等重重挑战，全球经济环境极之严峻。在此背景下，环球金融市场于未来一段期间可能持续大幅波动。环球经济及香港经济复苏关键在于对疫情的有效控制。本集团将继续以多元业务履行其核心使命，与社会共度时艰。

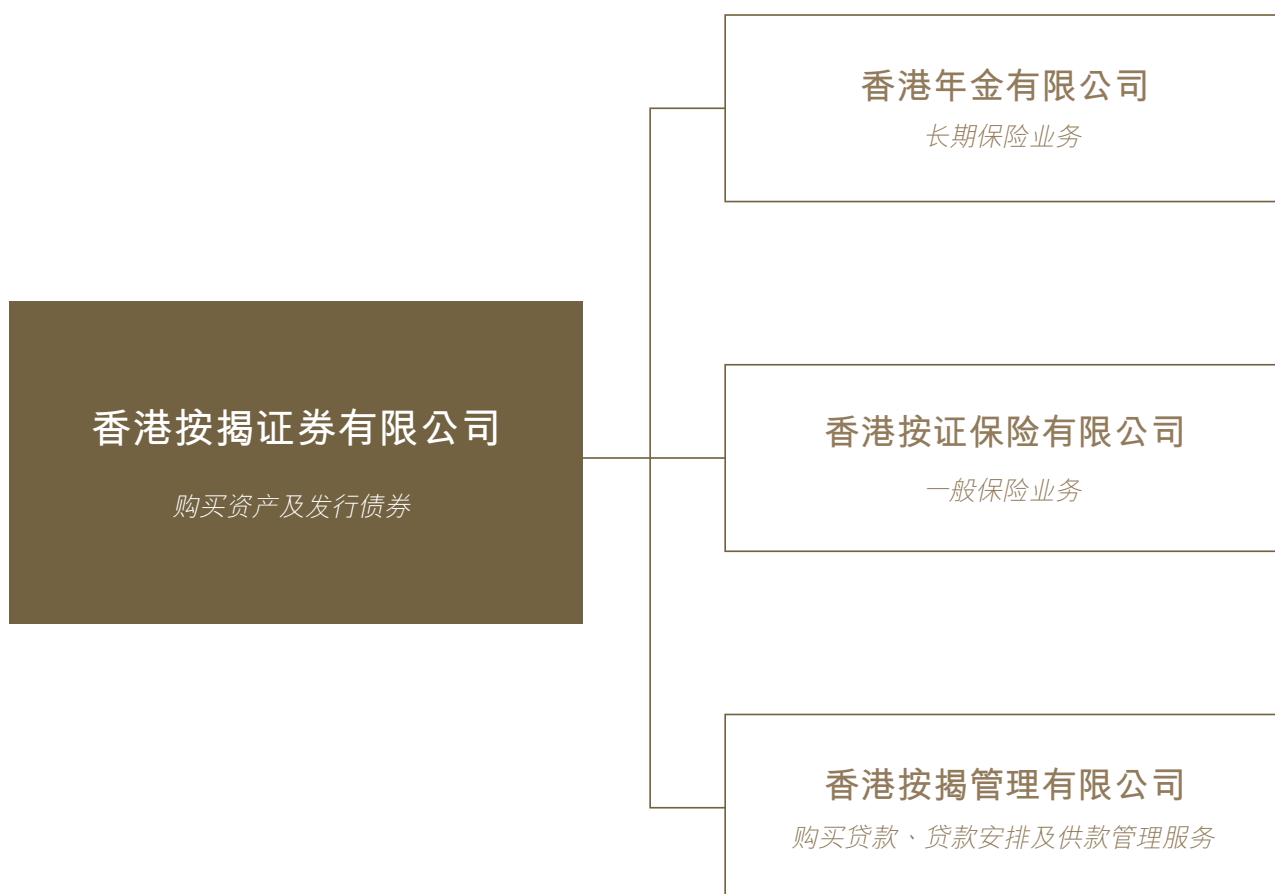
最后，谨向董事局同寅、管理层成员和所有员工衷心致意，感谢他们竭诚工作及鼎力支持。

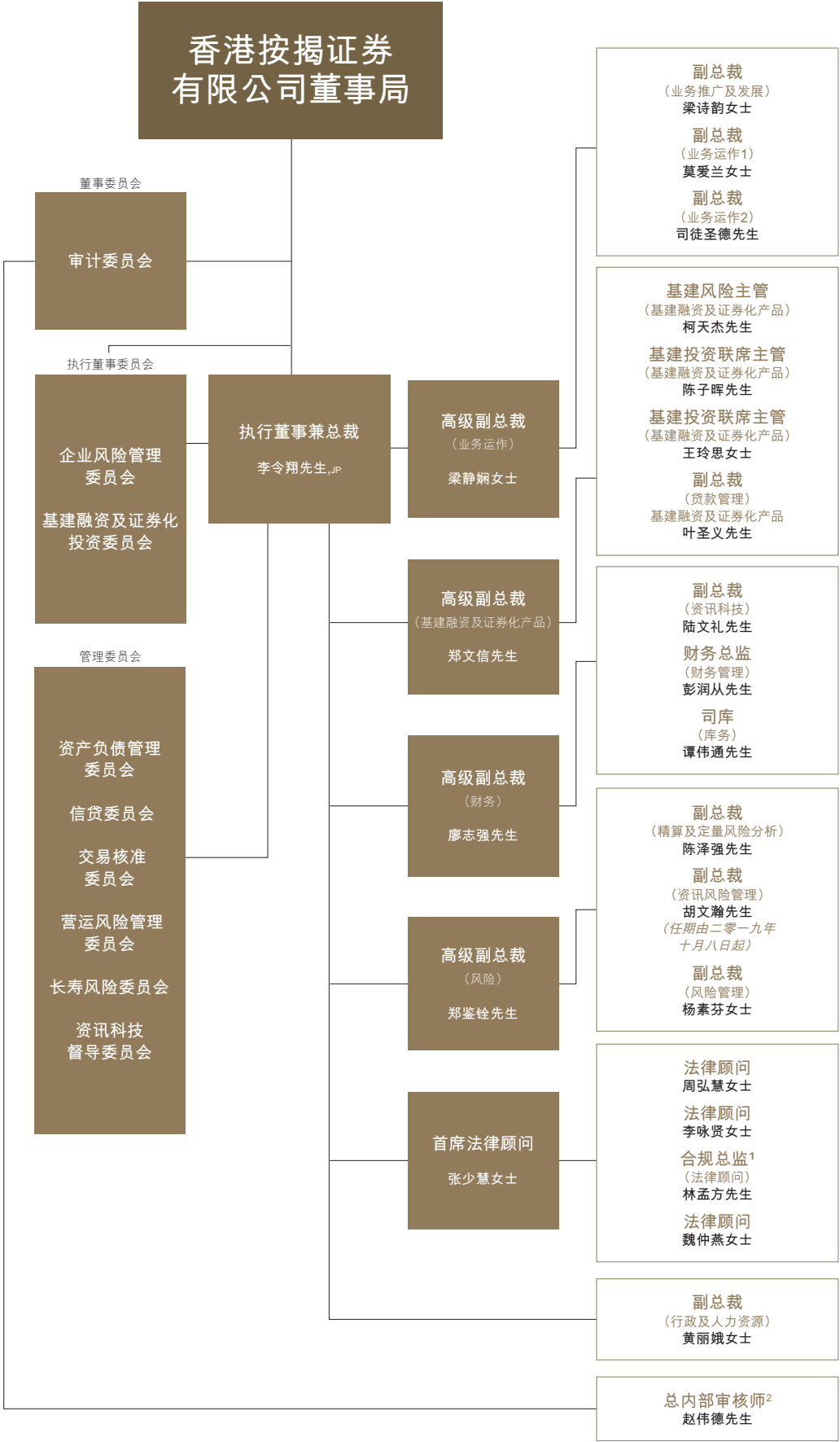


陈茂波
主席

组织架构

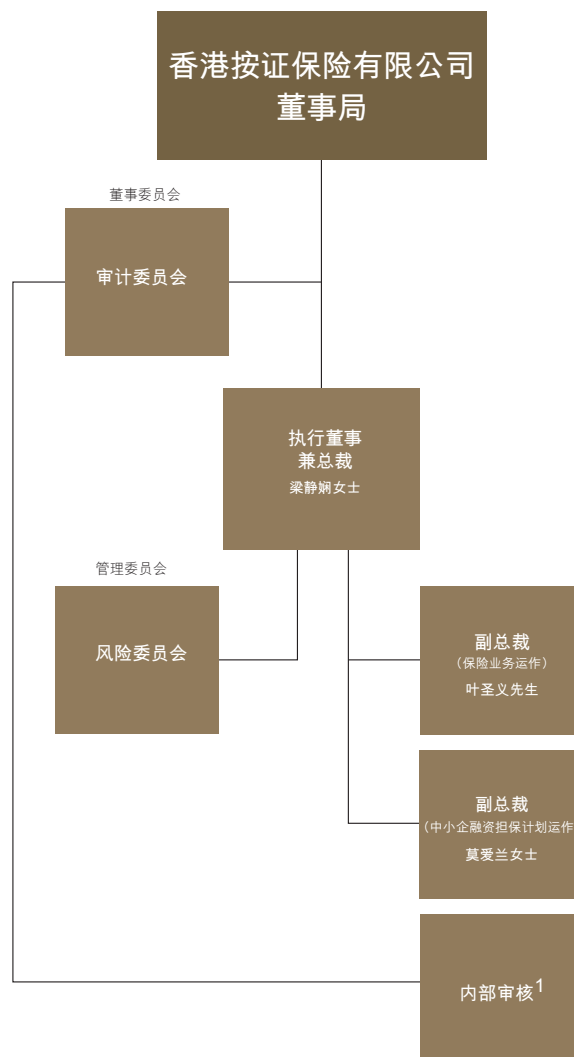
组织架构



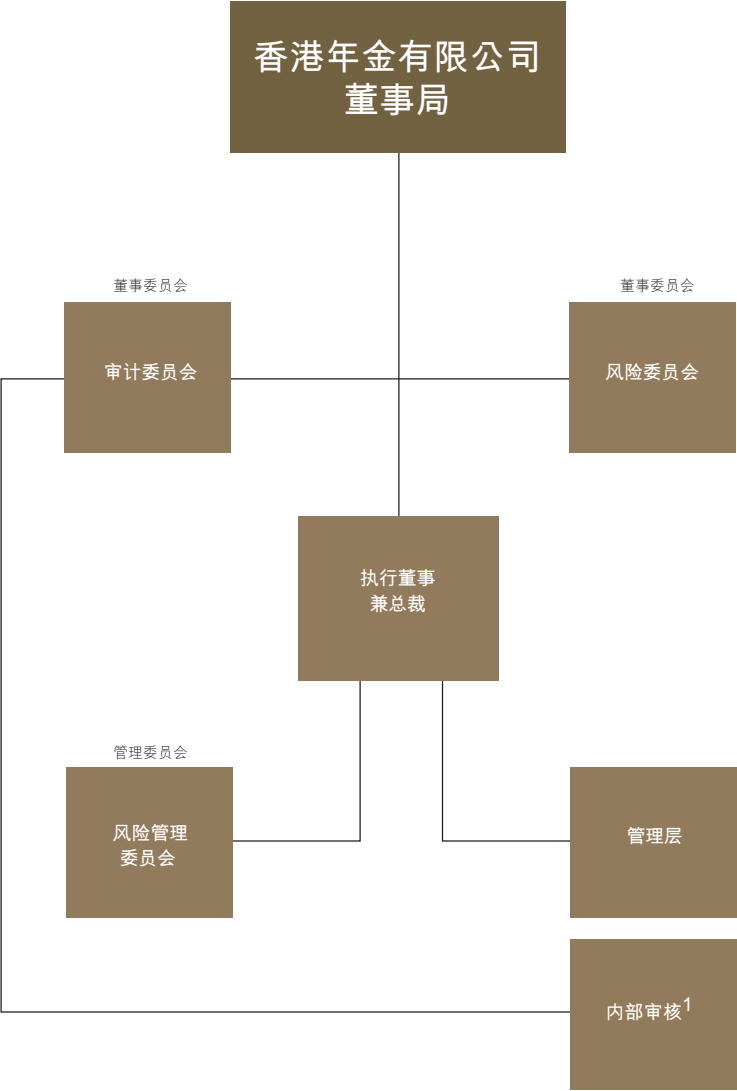


¹ 经首席法律顾问向总裁汇报

² 日常行政职务向总裁汇报



¹ 日常行政职务向总裁汇报



¹ 日常行政职务向总裁汇报

董事局成员

董事局成员



陈茂波先生 大紫荆勋贤 GBS MH JP
主席兼执行董事
财政司司长



余伟文先生 JP
副主席兼执行董事
(于二零一九年十月一日获任命为副主席)
香港金融管理局总裁



陈德霖先生 GBS JP
副主席兼执行董事
(于二零一九年十月一日辞任)



李达志先生 JP
执行董事
香港金融管理局副总裁
(于二零一九年十月一日
获委任)



李令翔先生 JP
执行董事兼总裁
香港金融管理局高级助理总裁



刘怡翔先生 JP
非执行董事
财经事务及库务局局长(至
二零二零年四月二十二日止)



陈帆先生 JP
非执行董事
运输及房屋局局长



林健锋先生 GBS JP
非执行董事
行政会议成员
立法会议员
永和实业有限公司董事长



张国钧先生 JP
非执行董事
行政会议成员
立法会议员
中西区区议会议员(至二零一九年
十二月三十一日止)
张国钧杨炜凯律师事务所合伙人



郭荣铿先生
非执行董事
立法会议员
执业大律师



陈家强教授 GBS JP
非执行董事
香港科技大学兼任教授



冯婉眉女士 BBS JP
非执行董事
香港交易及结算所有限公司
董事



王桂埙先生 BBS JP
非执行董事
法朗克律师行
(香港办事处)主理人



陈锦荣先生
非执行董事
香港立信德豪会计事务所
有限公司
审计部董事总经理
(于二零一九年五月十七日
获委任)



张亮先生
非执行董事
香港赛马会慈善及社区事务
执行总监



黄玉山教授 SBS BBS JP
非执行董事
(于二零一九年五月十七日
退任)



施文信先生 GBS JP
非执行董事
(于二零一九年五月十七日
退任)



赵黄舜芬女士
非执行董事
(于二零一九年五月十七日
退任)

大事 紀要

参与
外界活动

公众教育

企业
社会责任

社区参与

与商业
伙伴合作

重要事件

参与 外界活动

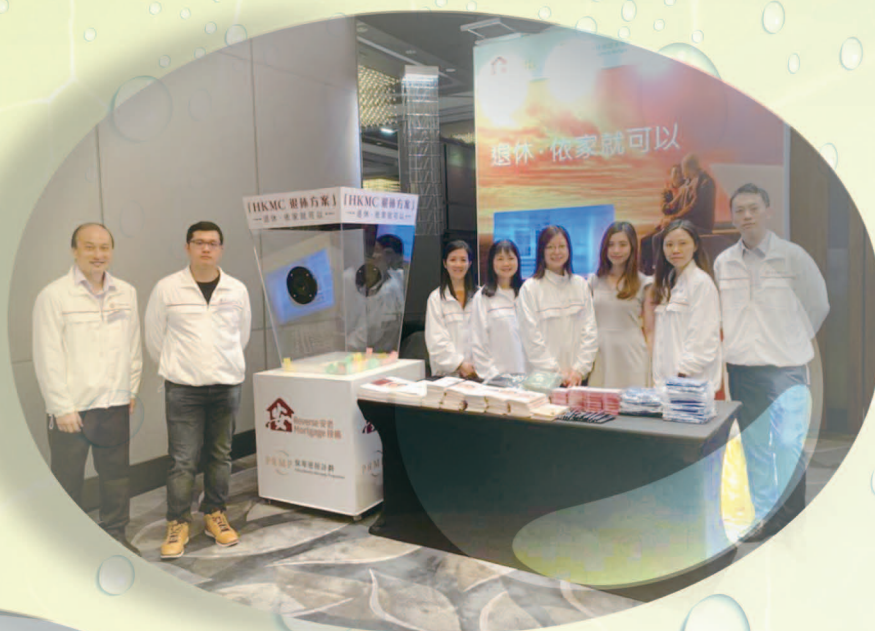
Session Event 2019
Working together to build a better future





与商业 伙伴合作





公众教育





社区参与





重要事件





企业 社会责任





企业社会责任

企业社会责任

本公司致力贡献社会及履行企业社会责任，获得认同；自二零零八年起，获香港社会服务联会颁发「商界展关怀」计划下「同心展关怀」标志，现已踏入第十二年。为嘉许重视员工退休保障的雇主，强制性公积金计划管理局亦自二零一四年起向本公司颁发「积金好雇主」奖项。作为对社会负责任的机构，本集团关怀雇员及社区。本集团重视社会责任、关心雇员福利、积极参与慈善活动及推行环保措施。

关怀雇员 员工与薪酬

本集团吸纳和栽培人才，确保公司使命有效推行：包括促进银行业的稳定、协助市民自置居所、推动本地债券市场及促进退休规划市场发展。本集团为雇员提供具竞争力的薪酬福利、广阔的事业前景与发展机会，和健康及安全的工作环境。本集团亦实行家庭友善雇佣措施，如每星期五天工作，让雇员在工作及生活上取得平衡。本集团亦为雇员及家属提供全面的医疗及牙科保险。尽管本集团的业务范畴及提供的产品渐趋繁复，但透过自动化系统和程序重组，本集团能维持一队精简和有效率的团队。二零一九年，本集团的常设雇员编制为327人，员工流失率9.37%。



正念生活方式工作坊

培训与发展

本集团深明持续培训的重要性，因此投放大量资源，不断提升员工的专业知识和技能。二零一九年，本集团安排课程和工作坊，以增进员工的产品知识，并提升管理、专业技能及软性技巧。

二零一九年，内部培训工作坊涵盖广泛课题，例如招聘及甄选过程、团队合作、正念及职业安全与健康。年内，本集团还举办了有关打击洗黑钱、防止贪污及贿赂条例以及网络保安的研讨会。



海洋公园团队合作工作坊(「踏出正能量」)



职业健康讲座——使用电脑的职业健康锦囊

本集团亦资助员工报读由其他机构举办、并与工作相关的课程。课程范围甚广，涵盖按揭相关事务、风险管理、企业管治、财务及会计、资讯科技与领导技巧等。此外，本集团亦为新员工安排入职培训，让员工了解集团的组织架构、功能与政策等基本资料。

雇员关系与员工活动

本集团的职员联谊会定期举办活动，增进员工关系和沟通、推广工作与生活平衡及促进家庭友善的工作环境。二零一九年，本集团举办的员工活动如健康讲座、郊游以及其他员工聚会等，都深受员工和家属欢迎。本集团亦设有员工内部刊物《HKMConnection》，辑录员工活动的精彩照片。

为促进公司内部有效沟通，本集团定期更新员工内联网，让各部门分享实用资讯。本集团亦设有员工意见计划，鼓励员工提出建议，改善工作流程和工作环境。



夜钓墨鱼团



社际羽毛球赛



社际乒乓球赛



星空夜灯工作坊

健康与安全

作为关怀员工的雇主，本集团一向关心员工的身心健康。本集团设有雇员支援计划，透过一家外间机构为有需要的员工及其家属提供保密的辅导服务。二零一九年，本集团亦以优惠价为员工安排预防流感疫苗注射及体检计划。

本集团不时检讨及提升紧急应变计划，减少因未能预计或突发事件而令业务中断的情况，例如员工之间爆发传染病。本集团亦定期举行演习，协助员工熟习在紧急情况下，启动有关后备设施、执行应变计划及落实沟通方面的安排。



预防背痛健康讲座



中医理论健康讲座

关怀社会

慈善及社会活动

本集团不时推动各种慈善及社区活动，例如筹款、捐献活动及义务工作等。本集团鼓励员工支持慈善活动和参与本集团义工队「关爱大使」所筹办的义务工作。

二零一九年，本集团筹办多项捐献活动，例如二零一九年公益金便服日及每年一度的香港红十字会捐血日。

本集团员工积极参与义务工作，献出时间和精力，对有需要的社群表达关爱。关爱大使与多个社会服务机构合作，参与了下列多项义务工作：



便服日

- 保护环境：与救世军合办回收计划，收集书籍、文具、玩具。
- 关怀长者：与寰宇希望及香港游乐场协会合作，本集团的自愿雇员带同载有日用品的「福袋」探访独居长者，共同迎接农历新年，并陪同低收入家庭的长者到慈山寺游览。



与长者游览慈山寺

学生实习与见习经理计划

为未来培育人才，本集团提供实习职位，让大学生体验商业世界的实际运作、为未来就业作好准备。参与计划的学生，都感谢所获得的学习体验和工作机会。

年内，本集团继续推行见习经理计划，物色和栽培有潜质的年轻行政人员，配合本集团的长远人才发展。在计划的三年期内，见习经理在不同部门接受在职培训、参与公司项目，并参加有系统的学习及发展课程。

环境保护

本集团一直支持及推行各种绿化措施，务求营造更环保的工作环境，并且加强员工减少废物和珍惜能源的意识。本集团鼓励员工多用电子通讯，减少使用纸张，并且鼓励收集废纸及使用后的打印机碳粉盒循环再造。自二零零六年以来，本集团采用不同措施，包括设定办公室温度及使用LED照明，提高能源效益。本集团欢迎员工就如何营造绿色办公室提供建议，并鼓励供应商使用和供应更为环保的产品。

业务回顾

业务回顾

业绩摘要

本年度，本集团的主要业绩包括：

- 透过按揭保险计划，帮助置业人士，借取合共333亿港元按揭贷款
- 自二零一一年七月推出安老按揭计划以来，共批核3,740宗申请；物业平均价值约540万港元
- 香港年金计划自二零一八年七月推出至二零一九年年底，共批出7,610份保单，保费总额约44亿港元，平均保费金额约570,000港元
- 为进一步减轻本地中小型企业（「**中小企**」）的融资负担，中小企融资担保计划下八成信贷担保产品的申请期及于二零一八年十一月推出三项优化措施的有效期进一步延长至二零二二年六月底
- 于二零一九年九月推出新纾缓措施，中小企融资担保计划下的现有及新申请借款企业均可延迟偿还本金，以协助中小企应付经济环境不明朗的情况
- 于二零一九年十二月，中小企融资担保计划推出新的九成信贷担保产品，以协助一些规模较小、经营经验尚浅的企业取得融资
- 自八成信贷担保产品于二零一二年推出以来，共批出超过17,200宗贷款申请，涉及贷款额723亿港元。逾9,500间中小企及242,100名相关员工受惠于此计划。自二零一九年十二月推出新的九成信贷担保产品以来，本集团共接获23宗贷款申请，涉及贷款额4,810万港元
- 小型贷款计划自二零一二年六月开展以来，向创业人士、来自不同背景和行业的自雇人士，以及希望透过接受教育或培训自我增值的人士，批核共5,550万港元的贷款
- 稳步落实本集团基建融资及证券化业务的首年业务计划，累积基建贷款资产及发展本集团的基建融资及证券化品牌
- 购入约200万港元贷款资产
- 按照成本效益原则，发行总值177亿港元年期为一年或以上的债券，促进本地债券市场发展，并保持本集团作为香港最活跃企业发债体之一的地位。该等债券包括总额为12亿港元的30年债券，为定息业务作准备之用
- 截至二零一九年年底，本集团的长期外币和本地货币信贷评级，维持在标普全球评级（「**标普**」）AA+及穆迪投资者服务公司（「**穆迪**」）Aa2的卓越级别，与香港特区政府相同。
- 维持优良的信贷素质。于二零一九年十二月三十一日计，所有资产类别合计的不良贷款比率0.07%；逾期90日以上的拖欠率，按揭保险组合为0.003%，按香港住宅按揭组合为0.02%（与业内平均数0.03%相同）。

二零一九年，本集团维持稳健的财务状况：

- 股东应占溢利为3.17亿港元
- 净息差为1%
- 股东资金回报率为2.1%
- 成本对收入比率为58.7%
- 资本充足率为30.2%，远高于财政司司长指定的8%最低要求
- 一般保险业务及年金业务的偿付能力充足率分别为39倍及22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

市况概览

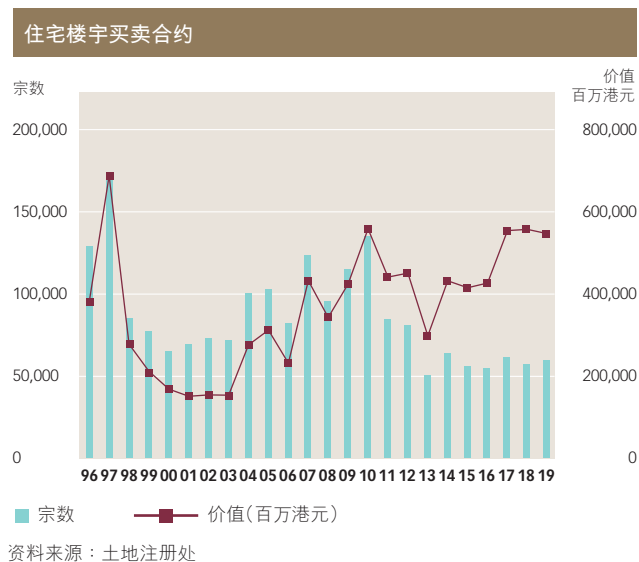
整体经济状况

由于中美贸易壁垒高筑、英国脱欧进程及其他地缘政治紧张令局势愈趋不明朗，环球经济于二零一九年同步放缓。美国经济增长减慢，欧元区经济仍然乏力。内地经济保持大致坚稳，但仍然面临下行压力。鉴于全球市场波动加剧，不少央行已采取措施放宽其货币政策，减少增长面临的下行风险。由于本地社会事件对境内消费及与旅游相关的活动构成干扰，导致本已因全球需求放缓及国际贸易紧张局势而受到不利影响的经济被冲击，香港下半年经济亦显著放缓。在此环境下，香港经济在二零一九年较上一年收缩1.2%，为自二零零九年以来首次录得年度跌幅。

物业市场

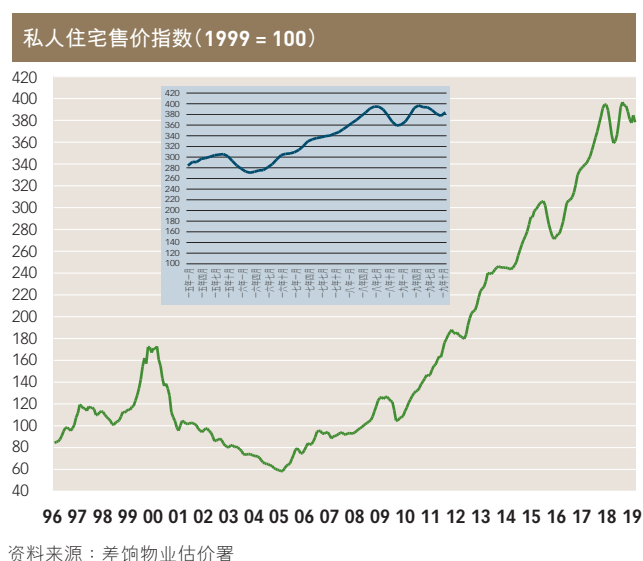
住宅物业市场于年内首五个月强劲反弹后，自六月起有所回软。随着市场气氛好转，住宅成交量于一月至五月期间飙升，楼价收复二零一八年下半年的失地。然而，成交量和楼价自六月以来由升转跌。住宅物业市场前景渐趋不明朗。中美贸易摩擦和全球经济增长放缓等其他风险因素，或会在短期内令住宅市场气氛转差。整体而言，二零一九年住宅物业总成交量按年升4.5%至59,797宗，成交额则按年跌1.9%（图1）。

图 1



一手及二手市场的成交量自年初至七月稳步上升，其后呈现跌势。整体而言，住宅物业价格¹于二零一九年录得5.3%的累积增幅，而二零一八年的增幅为1.9%（图2）。

图 2

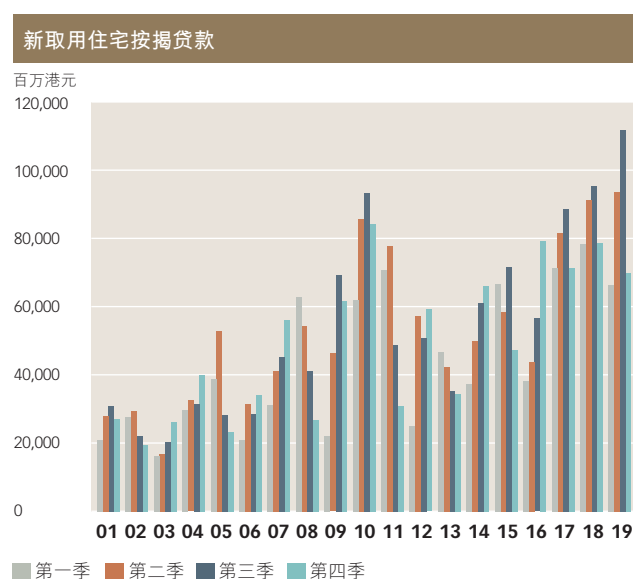


¹ 资料来源：由差饷物业估价署出版的私人住宅售价指数

按揭市场

整体而言，香港的按揭利率于二零一九年处于低位。最优惠利率于年内首十个月介乎5.125%至5.5%之间。由于部分主要银行于二零一九年十一月初将最优惠利率调低至5%，自此至二零一九年十二月底，最优惠利率维持介乎5%至5.5%之间。香港银行同业拆息则全年处于相对高位。根据香港金融管理局金融数据月报，以期内平均数计算的一个月香港银行同业拆息²于年内徘徊于1%与2.57%之间。按揭贷款录得稳定增长，当中所有住宅按揭贷款的未偿还总金额温和地上升10.3%至15,128亿港元。二零一九年的新取用按揭贷款总额³按年微跌0.6%，对比二零一八年的增幅为9.9%(图3)。

图3



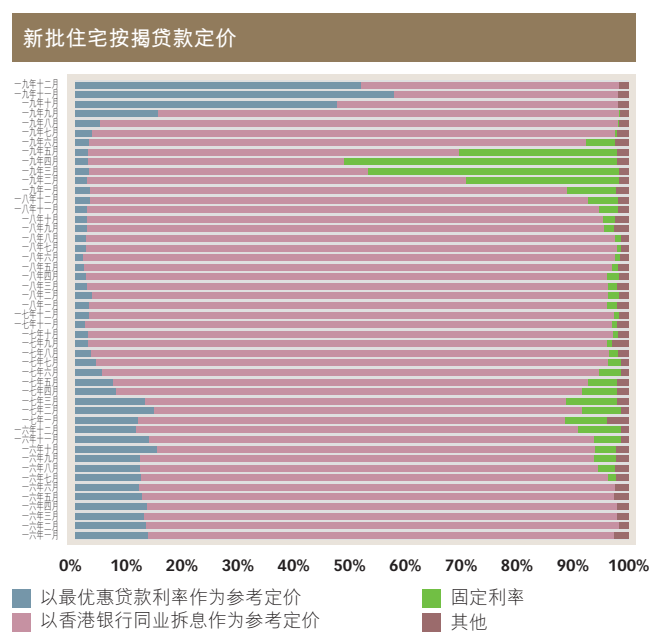
资料来源：香港金融管理局

² 资料来源：香港金融管理局

³ 资料来源：香港金融管理局

于年内大部分时间，借款人似乎更倾向接受以香港银行同业拆息为参考定价的按揭。截至二零一九年十二月，77.1%新叙造按揭贷款以香港银行同业拆息为参考定价。二零一九年一月以最优惠贷款利率为参考定价的按揭比例高达48%，但自此开始调整。截至二零一九年十二月，以最优惠贷款利率为参考定价的按揭仅占市场19.8%比率，而定息贷款计划于二零一九年在按揭贷款市场并无占有市场比率(图4)。

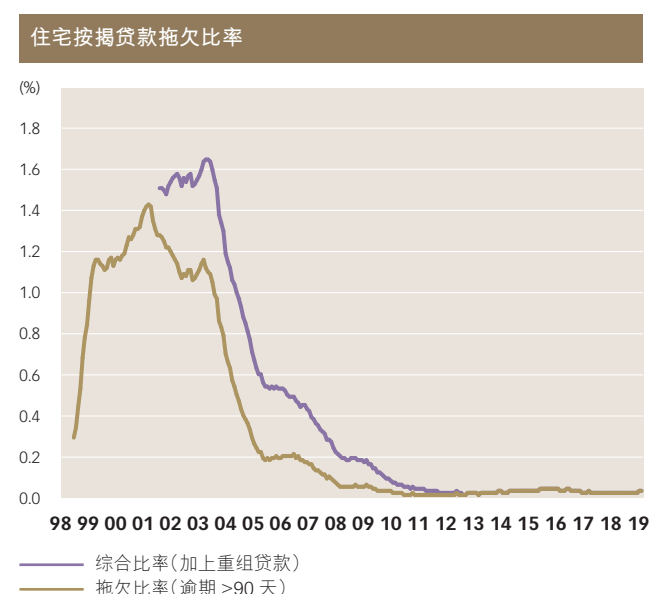
图4



资料来源：香港金融管理局

在香港金融管理局对按揭借贷的审慎监管下，住宅按揭贷款的资产素质于二零一九年维持优良。按揭贷款超过90日的拖欠比率，于年内保持介乎0.02%至0.03%的水平，反映银行采取审慎的借贷准则。拖欠和经重组的贷款比率总和，亦于同期维持在0.02%至0.03%的低位(图5)。截至二零一九年十二月底，负资产个案估计为128宗，录得总额为7.64亿港元⁴。

图5

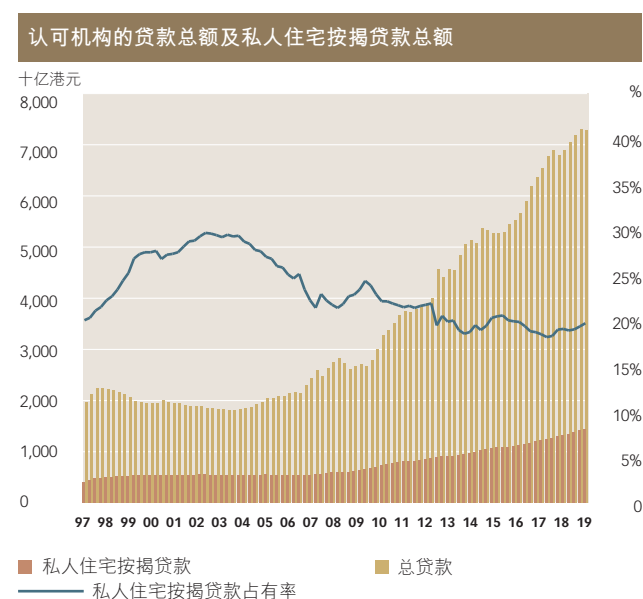


资料来源：香港金融管理局

银行业贷款

私人住宅物业按揭贷款的未偿还总金额，于二零一九年底增加至14,348亿港元(二零一八年底：13,138亿港元)，占全港总贷款额五分之一(图6)。该等按揭贷款加上建造业、物业发展及投资的借贷，与房地产相关贷款的总额为30,665.3亿港元，占银行贷款总额约42.2%。截至二零一九年底，居者有其屋计划、私人机构参建居屋计划及租者置其屋计划的未偿还按揭贷款总额增至780.3亿港元(二零一八年底：583.8亿港元)。

图6



资料来源：香港金融管理局

⁴ 资料来源：金融管理局

资产收购

尽管市场资金充裕令银行出售其资产的意欲减弱，本集团已做好准备，于有需要时为市场提供流动资金。二零一九年，本集团收购价值约200万港元的贷款资产。

融资安排

于二零一九年，全球经济出现同步放缓，加上中美贸易战反复升温、地缘政治发展及主要央行出台宽松货币政策，导致局势愈趋不明朗。香港经济亦因全球经济放缓及本地社会事件备受冲击。尽管市况充满挑战，本集团坚持审慎的预早融资策略，为购买银行贷款资产及再融资安排资金。基于本集团拥有强大政府支持和卓越的信贷评级，本集团于二零一九年发行了合共177亿港元债券，年期一年或以上。截至年底，本集团未赎回债券总额为397亿港元。

本集团致力定期发行债券和引入崭新债券产品，发展本地债券市场。作为香港最活跃的企业发债体之一，本集团将继续在本地机构及零售资本市场发行债券，并在海外机构市场开拓资金来源及扩大投资者基础。这不仅有助扩大本集团的资金基础，更可以为机构投资者及零售投资者提供高素质的债券工具，满足投资者对投资组合多元化及提高收益的要求。

本集团设有三个债务工具发行计划，在发行债券方面既有效率，亦有实效。由于本集团的信贷评级卓越，所发行的债券受各界投资者欢迎，包括退休基金、保险公司、投资基金、慈善及政府相关基金与零售投资者等。本集团一直积极与投资者沟通，定期将最新讯息发放给投资者。

中期债券发行计划

为了在国际市场吸引更多投资者和开拓资金来源，本集团于二零零七年六月设立多种货币中期债券发行计划。初时的发行规模为30亿美元，于二零一一年七月增长一倍至60亿美元以满足海外投资者更大的需求。在该计划下，本集团可发行多种主要货币的债券，包括港元、美元、人民币、澳元、英镑、欧元、日圆及新加坡元，以满足本地及海外投资者的需求。所有透过中期债券发行计划发行的外币债券，均全数对冲为美元或港元。该项计划亦兼有灵活的产品特色及发行机制，可进行公开发售或私人配售，更能迎合投资者在不同投资年期等方面的要求。本集团委任国际及区内主要金融机构组成强大的交易商团队，支持未来中期债券发行，亦为二级市场提供流通性。

二零一九年，本集团透过中期债券发行计划，共发行了36批私募债券，金额合共177亿港元等值，年期一年或以上。该等债券包括发行总额为12亿港元的30年债券，为定息业务准备之用。

债务工具发行计划

债务工具发行计划于一九九八年七月设立，发行对象是港元债务市场的机构投资者。计划设立时的发行额为200亿港元，于二零零三年增长一倍至400亿港元。此计划提供了一个既灵活亦有效率的平台，供本集团发行债券和可转让贷款证，最长年期达15年。该计划委任主要交易商和销售团成员，为公开发售与私人配售方式发行的债券提供广泛的分销渠道。

零售债券发行计划

本集团致力推广香港零售债券市场。本集团作为先驱，于二零零一年十一月开拓一个新的发行机制，及于二零零四年五月成立200亿港元的零售债券发行计划。自二零零一年起，本集团已发行零售债券合共137亿港元。本集团致力在市况合适时定期发行零售债券，为香港的零售投资者提供额外的投资工具。

外汇基金提供的备用循环信贷安排

面对亚洲金融危机冲击，外汇基金于一九九八年一月，向本集团提供100亿港元循环信贷安排，使本集团可以在异常经济环境下保持平稳营运，因而可更有效地履行稳定香港银行及金融系统的使命。虽然本集团可以从本地及国际债券市场获得长期融资作营运用途，该备用循环信贷可作为重要的备用流动资金。由于二零零八年爆发全球金融危机，该信贷额度于当年十二月增加至300亿港元，显示特区政府肯定本集团的重要性，并对本集团给予进一步支持。本集团曾于一九九八年和二零零八年资本市场受压及异常波动时，动用备用循环信贷，作为向本地银行购入香港住宅按揭资产的部分资金。本集团两度于市场回复稳定后，以具成本效益的发债所得资金，全数偿还向循环信贷安排借入的贷款。二零一九年，本集团并没有向循环信贷安排借入任何贷款。

信贷评级

标普及穆迪给予本集团与特区政府看齐的卓越评级，增强了本集团所发行债券对投资者的吸引力。

香港按揭证券有限公司信贷评级

	标普		穆迪	
	短期	长期	短期	长期
本地货币	A-1+	AA+	P-1	Aa3
外币	A-1+	AA+	P-1	Aa3
前景	稳定		稳定	

(截至二零二零年一月二十一日)

于二零二零年一月二十一日，穆迪将本集团的长期评级由Aa2下调至Aa3，与香港特区的下调评级相同。

信贷评级机构对本集团的信用水平给予正面评估。以下评论摘录自标普及穆迪分别于二零一九年八月和二零二零年二月的信贷评级报告：

标普

「我们将香港按揭证券有限公司的评级，与作为其全资最终拥有人的香港的评级看齐，反映我们认为当该公司有需要时，几乎可以肯定香港政府会及时向公司提供足够的强力支持。...我们认为，该公司在过去数年开展的其他政策业务，强化了公司与香港政府的连系，巩固了两者的整体关系。」

「香港按揭证券有限公司拥有稳固的市场地位及独特作用，通过购买按揭和贷款组合，满足本地银行对流动资金和资产负债表管理的需求，尤其是在市场受压时。...香港按揭证券有限公司的商业模式经历过各种困难市场环境的试炼。例如当全球金融市场与本地经济于二零零八年底和二零零九年初受压之际，香港按揭证券有限公司因应银行要求，扩大收购按揭贷款，并优化其按揭保险计划。然而，近年该公司收紧按揭保险计划的资格标准，以应对楼价上升。」

「我们相信，香港按揭证券有限公司董事局各成员经验丰富，能力优秀，加上对公司监督卓有成效，有利公司业务。我们认为管理层能力、效率及经验兼具。香港按揭证券有限公司的定位清晰，与其能力及市况相符。该公司一直按其财务及风险管理准则经营，我们认为该等准则严谨明确。」

「我们预期，香港按揭证券有限公司将合理审慎管理融资安排及流动资金，虽然并无存款业务，但藉三个优先债券计划，能深入利用债券资本市场。我们期望香港按揭证券有限公司维持超过足以应付其短期资金需要的高流动性资产，以作充分缓冲。...此外，300亿港元循环信贷安排让香港按揭证券有限公司应付来年到期的总负债额卓有充裕，为任何突如其来的流动资金压力，提供了重要的缓冲。」

穆迪

「香港按揭证券有限公司是由香港政府透过外汇基金全资拥有。该公司执行政策任务，包括促进香港金融和银行业的稳定、自置居所、本地债券资本市场发展及退休规划市场发展，方法为向商业银行购买按揭及透过旗下一般保险附属公司提供按揭保险及安老按揭。该公司肩负提高银行体系稳定性的责任，担当银行体系的另一最后贷款人，当银行遇到压力时，该公司会购买住宅按揭作为支援。...该公司于二零一七年成立年金附属公司，并于二零一八年推出年金产品。该公司自二零一九年起开始购入基建贷款。」

「政府透过外汇基金向香港按揭证券有限公司提供300亿港元循环信贷安排及可按需求发行的额外股本权益。倘若该公司受压时信用状况转弱，穆迪预期政府将及时提供特别协助。该公司的公共政策任务与政府目标紧密配合，而与政府关系密切亦提高日后获得政府支持的可能。政府已向公司注资50亿港元，用以建立年金业务，并准备好随业务持续增长而提供更多资金。」

「香港按揭证券有限公司自成立以来，一直保持优良的资产素质。...香港住宅按揭贷款在过往的经济周期一直表现良好。即使物业价值在一九九七年至二零零三年间下跌了70%，该公司的整体按揭贷款的拖欠率从未超过2.0%。目前，该公司的香港按揭平均按揭成数低于40%。」

「作为没有存款业务并依靠批发融资的公司，香港按揭证券有限公司需要不断从债务资金市场筹集资金以支持运作。然而，该公司奉行预早融资策略以购买预期的资产，而且在正常的经济环境下也一直保持非常强健的流动资金。由于拥有强健的财务状况与政府的关系，该公司较容易在资本市场筹集资金。...该公司拥有充裕的流动资产，包括来自政府的备用信贷安排，足以偿还二零一九年六月底的所有债务。」

按揭证券化

本集团致力推动按揭证券市场在香港的发展。按揭证券是一种有效的金融工具，透过运用债券市场的长期资金，满足按揭贷款对长期融资的资金需求。银行与金融机构可利用按揭证券，管理按揭贷款面对的信贷、流动资金、利率及资产负债满期错配而引起的各类风险。一个交易活跃及流通量高的按揭证券市场，有助促进发展具效率的二手按揭市场，并进一步巩固香港的国际金融中心地位。

本集团自一九九九年，已发行总值132亿港元的按揭证券。在二零零一年设立的30亿美元Bauhinia按揭证券化计划，提供一个既方便又灵活兼具成本效益的平台，使本集团能够以不同的产品结构、加强信贷措施及分销方法，发行按揭证券。

基建融资及证券化

面对环球基建融资市场庞大并正逐渐扩阔的资金缺口，本集团于二零一九年推出基建融资及证券化业务，以累积基建贷款资产及发展本集团的基建融资及证券化品牌。

初期，本集团向商业银行购入及累积基建贷款，并与多边开发银行及商业银行共同融资基建项目。

本集团于二零一九年先后成功与国际金融公司签署框架协议及与中国出口信用保险公司签署谅解备忘录，以巩固本集团与业界的合作关系。

本集团将继续善用其卓越的信贷评级、发行中长期债券融资的优势，以商业上可行、财务上可持续的方式，循序渐进地参与基建融资市场，同时恪守审慎商业原则及风险管理政策。待累积基建贷款资产组合及所需经验后，开拓证券化机会。

本集团可藉基建融资及证券化业务，进一步履行促进本地债券市场发展、银行业界稳定的公司使命，同时填补基建融资市场缺口，促进市场发展。

按揭保险计划

按揭保险计划帮助资金有限但需大笔资金支付首期的有意置业人士。从银行业角度来看，计划可以让银行借出更高成数的按揭贷款而毋须承担额外的信贷风险，亦无损银行体系的稳定性。该计划为置业人士和银行带来双赢局面。

多年来，按揭保险计划已成为香港按揭融资不可或缺的一部分。二零一九年，对按揭保险计划的需求维持稳健，而在按揭保险计划下的贷款总额，由二零一八年的325亿港元增加至二零一九年的333亿港元(图7)。而计划下新取用的按揭贷款，约73%以二级市场物业作抵押(就贷款金额而言)，显示该计划对于在二级市场置业的人士相当重要。

图7



资料来源：香港按揭证券有限公司

年内，本集团与参与银行提高按揭保险计划的吸引力。自一九九九年，按揭保险计划协助超过149,000个家庭实现置业梦想，取用贷款总额达4,010亿港元。

本集团自一九九七年成立以来，一直以协助市民置业安居为使命。本集团于二零一九年十月十六日就已落成住宅物业对按揭保险计划作出以下的修订，协助有即时置业自用需要的人士：

- (a) 八成按揭保险的合资格物业价格上限为1,000万港元；
- (b) 适用于首次置业人士的九成按揭保险的合资格物业价格上限为800万港元；
- (c) 欲以高于修订前的物业价格上限(即八成按揭保险下的600万港元及九成按揭保险下的400万港元)叙造按揭贷款，须缴交额外15%的保险费用；及
- (d) 上述和现有按揭保险产品的供款入息比率统一以50%为上限，并须符合银行压力测试。首次置业人士如未能符合压力测试，仍可申请叙造最高八成或九成按揭贷款，其保费会因应风险因素作额外调整。

HKMC 退休方案

本集团一直致力促进退休规划市场的发展，并于二零一九年五月推出企业品牌「HKMC退休方案」。方案旗下的退休规划产品(即安老按揭计划、保单逆按计划及香港年金计划)将一同推广，提供全面的退休规划方案。本集团不但宣传理财知识，同时亦关注退休人士的整体福祉，该方案推出后，公众对退休规划的认识有所提升。

本集团继续透过公开讲座、巡回展览、教育短片、刊物及印刷资料等多种途径向社会不同界别人士宣传退休规划的重要性。本集团连续两年荣获投资者及理财教育委员会颁发理财教育奖，表彰其对香港整体理财教育的发展及改进作出贡献。展望未来，本集团将继续探索与各持份者的合作机会，进一步向社会各界推广理财知识及加强公众教育。

为庆祝推出「HKMC退休方案」，本集团于二零一九年五月八日举行重点活动宣布该方案正式启动，并于年内持续举办教育宣传活动。在为期两天的重点活动期间，退休社群内不同的持份者，例如香港房屋协会、香港赛马会及东华三院等举办小型博览，并设有具教育意义的摊位及公开讲座。每场公开讲座都反应热烈，摊位亦成功吸引大批

市民参与。本集团举办是次活动旨在向退休人士提供涵盖退休生活多个范畴的全面退休规划方案。有关活动取得成功，本集团联同退休社群的主要持份者、银行、非政府机构、社会企业及各界专业人士携手合作，共同提高公众对提早规划退休重要性的意识。

作为建立集团品牌策略的其中一环，本集团于二零一九年一月开设「HKMC YouTube 频道」，透过分享有关本集团不同类型产品的短片、企业首个宣传短片「新点子」及「HKMC退休方案」短片，建立与公众互动的平台。此外，「HKMC YouTube 频道」亦上载了重点活动的短片，当中包括启动仪式及由不同持份者主持的讲座。本集团将继续运用此平台，与退休社群及公众保持紧密联系。

本集团亦有采用其他渠道传达「HKMC退休方案」的理念，特别是透过一连串媒体采访延伸「HKMC退休方案」的宣传范围。本集团亦发布有关退休规划不同范畴的教育文章，将其分发至持份者并在其网站及社交平台刊登。此举旨在加强公众的理财知识，教育公众了解提早规划退休的重要性。

为加强本集团与客户的联系及营造有利于提高本集团业务长期效益的环境，本集团于二零一九年推出会员计划。于同年五月，本集团邀请「HKMC退休方案」的现有客户成为该计划的会员。本集团将会以研讨会、工作坊及户外活动等形式为会员举办包括健康养身、旅行娱乐、体育及理财规划等不同主题的活动。本集团希望会员能够透过参与该等活动促进其整体福祉，同时透过与会员之间的互动提高本集团的信誉，从而让更多目标客户明白「HKMC退休方案」长远可带来的好处。

安老按揭计划

安老按揭计划旨在给予退休人士多一个财务规划选择，提升生活素质。在安老按揭计划下，借款人可以利用在香港的住宅物业作为抵押品，向参与银行提取安老按揭贷款。借款人仍然是物业的业主，并可于固定的年金年期内或终生每月收取年金，亦可提取一笔过贷款，以应付特别情况。

随著本集团多年来持续宣传退休方案，公众对安老按揭计划的认受程度不断提高。越来越多市民认同安老按揭计划的理念，并视之为一项理财工具，可以在退休后每月取得稳定收入。本集团不时检讨安老按揭计划，并推出优化措施，务求更好地满足退休人士的需要。为此，本集团积极地透过专题小组及会面向现有及潜在客户及从业员征询意见。本集团以开放的态度欢迎参与人士分享意见，提出有利于安老按揭计划持续发展的见解。

为接触各区的目标客户，本集团与多家银行合作，利用其广泛的地区网络，在港九新界各银行分行举办一系列巡回展览，设有安老按揭计划的展览及短片，介绍安老按揭计划的好处，并提供摊位游戏吸引公众，加深他们对安老按揭计划的了解。本集团职员及银行代表现场解答潜在客户的咨询。除展览外，本集团亦采用「导师培训计划」，于年内与多家银行及其他持份者联合举办超过50场公开讲座。公众反应热烈，各场讲座出席人数平均介乎50至100人。当中不少参与者都对计划深感兴趣，而且想进一步深入了解安老按揭计划如何提高退休生活素质。

除到各区推广外，本集团亦透过多个宣传渠道接触大众，如在主流电视频道及银行地区分行播放安老按揭计划广告。此外，本集团亦制作了介绍安老按揭计划不同好处的短片，并自二零一九年五月起在「HKMC YouTube 频道」播出。

保单逆按计划

为更好地满足退休人士的需要，本集团就转让人寿保单作为按揭贷款的单一抵押品进行可行性研究，并于二零一九年五月推出保单逆按计划，为退休人士提供多一项退休理财规划的选择，其业务模式与安老按揭计划相似。

保单逆按是一项贷款安排，让60岁或以上借款人利用寿险保单作为抵押品，向贷款机构每月取得稳定收入。在保单逆按计划下，借款人可选择于固定的年金年期内或终生每月收取年金。借款人亦可提取一笔过贷款，以应付特别情况。

一般情况下，借款人可终身毋须还款，除非贷款在特定情况下被终止。当保单逆按到期偿还时，贷款机构将于指定时间内动用寿险保单的身故赔偿金额以悉数偿还相关的保单逆按贷款。

为提高保单逆按计划的认受性，本集团于公共交通及社交媒体平台推出广告宣传。例如在指定地铁大堂设置广告，及在地铁车厢内、巴士车身及巴士椅背张贴广告。于各大社交平台亦设有网络广告，以扩大公众宣传面。除广告外，本集团于地区宣传方面将保单逆按计划及安老按揭计划一同推广，以达至协同效应，务求与社会不同界别人士建立紧密联系。

香港年金计划

为配合政府提升长者退休生活质素的政策，香港年金有限公司（「**香港年金公司**」）于二零一七年六月成立，以帮助香港市民为退休理财作出规划，及促进本地年金市场的发展。投保香港年金计划（「**年金计划**」）后，投保人将收取每月保证固定年金金额，直至终身。截至二零一九年年底，年金计划共批出7,610份保单，总保费金额约44亿港元，平均保费金额约570,000港元。

香港年金公司于二零一九年五月优化年金计划，放宽个人保费总金额上限至300万港元，并推出为期六个月的保费折扣推广计划，进一步推广年金计划。

为达致促进市场发展的目标，香港年金公司自二零一九年七月起进行推广活动，邀请艺人卢宛茵拍摄宣传短片，透过电视、电台、户外及数码广告等多个渠道向目标群组推广终身年金及长寿风险管理概念。为进一步接触社群，香港年金公司于二零一九年举办超过33场公众讲座，并参加黄金时代展览暨高峰会2019以及50+博览2019，向公众推广均衡退休理财组合的重要性。宣传推广活动成功掀起市民对年金产品的关注。本地年金市场的新造保费于二零一八年快速增长40%达108亿港元⁵，于二零一九年继续录得显著增长，新造保费于二零一九年全年达至209亿港元⁵。

延长中小企融资担保计划下八成信贷担保产品（八成信贷担保产品）

面对外围经济环境波动，二零一二至一三年度财政预算案公布一系列支援本地中小企的措施，其中包括本集团根据市场为本的信贷担保产品推出有时限的特别优惠措施，为合资格贷款提供八成信贷担保，而且担保费用大幅调低（「**八成信贷担保产品**」）。由政府提供1,000亿港元的信贷保证承担额支持下，八成信贷担保产品协助中小企取得融资作一般营运资金、添置设备或其他资产，以支援业务运作。本集团以审慎的商业原则营运八成信贷担保产品，收取的担保费会拨作支付参与贷款机构的坏帐索偿及计划下的相关开支。现时共有31间认可机构参与此计划成为贷款机构。

为进一步减轻本地中小企的融资负担和协助中小企获得融资，本集团于二零一八年十一月推出以下三项优化措施：

1. 降低担保费五成；
2. 将最高贷款额由1,200万港元增加至1,500万港元；及
3. 将贷款担保期由5年延长至7年。

八成信贷担保产品原本的申请期为九个月，直至二零一三年二月二十八日止，随后延长了多次。八成信贷担保产品的申请期及于二零一八年十一月推出的三项优化措施将延长至二零二二年六月底。

⁵ 资料来源：保险业监管局

于二零一九年九月，八成信贷担保产品推出新纾缓措施，旨在协助中小企应付经济环境不明朗下面临现金流压力的情况。在新纾缓措施之下，借款企业可申请延迟偿还本金最多六个月，可申请续期，合共以12个月为上限，期内只需支付利息。新措施适用于现有及新申请借款企业。新纾缓措施自二零一九年九月四日起生效，有效期为一年。

八成信贷担保产品深受市场欢迎。截至二零一九年十二月三十一日，本集团共批出超过17,200宗申请，涉及贷款总额723亿港元。逾9,500间本地中小企及超过242,100名相关员工受惠于此计划。

推出中小企融资担保计划下的九成信贷担保产品(九成信贷担保产品)

财政司司长于二零一九年八月宣布，政府将在中小企融资担保计划下推出新的九成信贷担保产品(「九成信贷担保产品」)。立法会财务委员会通过拨出330亿港元信贷保证承担额，于二零一九年十二月十六日推出九成信贷担保产品。九成信贷担保产品旨在协助一些规模较小、经营经验尚浅的企业取得融资。每家企业及其关连公司的最高贷款额为600万港元，最长担保期为五年，而担保费率与现有的八成信贷担保产品一样。九成信贷担保产品的申请期至二零二二年六月三十日止。

与八成信贷担保产品一样，收取的担保费会拨作支付坏帐索偿及相关开支。

自二零一九年十二月推出九成信贷担保产品以来及直至二零一九年十二月三十一日，本集团接获23宗申请，并批出其中19宗，涉及贷款总额3,920万港元。

继于二零一六年开始的中小企融资担保计划宣传活动，本集团与参与计划的贷款机构、中小企业商会、工商业商会及业界持续紧密沟通，并分享中小企的成功个案，以增强公众对中小企融资担保计划的了解及认识。

于本年度，本集团为贷款机构的员工举办定期培训或专题培训及工作坊，并分享业务和有关索偿的统计数据，以提升中小企融资担保计划的透明度及提升其使用率。本集团亦于中小企讲座介绍中小企融资担保计划，以提高公众对中小企融资担保计划的认识。

小型贷款计划

本集团担当小型贷款计划营运者的角色，联系参与的银行和非政府机构，为有意创业人士、自雇人士或有意透过接受培训或考取专业资格以达到自我提升的人士，提供可负担息率的融资和其他支援服务。

小型贷款计划自二零一二年六月开展以来，向创业人士、来自不同背景和行业的自雇人士，以及希望透过接受教育或培训自我增值的人士，批核共5,550万港元的贷款。

财务回顾

财务回顾

在中美贸易摩擦、英国脱欧程序及其他地缘政治事件所带来的不明朗因素下，全球贸易、投资、制造业活动，甚至消费普遍转差，导致二零一九年全球的经济增长同时放缓。大部分央行已采取措施，取消货币收紧政策或正常化步伐，改为宽松的货币政策。中国内地方面，尽管经济大致保持畅旺，但经济增长自二零一八年起也有着显著放缓。

二零一九年第三季度香港的经济增长由上半年的0.5%温和增长急剧转坏至按年收缩2.9%。本地社会事件严重打击与消费及旅游相关行业，为本已受累于全球经济增长放缓及中美贸易摩擦升级的香港经济带来沉重打击。第三季度的外部需求录得更大降幅，本地需求亦显著恶化。鉴于经济状况恶化，劳工市场随之放缓，第四季度的失业率微升至3.3%。

收益表

财务表现

股东应占溢利上升至3.17亿港元(二零一八年：1.27亿港元)(表1)。盈利上升，主要由于本集团的年金业务基于精算假设下需要维持审慎的法定储备因新增业务减少而下降，以及外汇基金存款投资回报增加，令会计亏损减少。然而，因为支持本集团的使命和香港特区政府的部分政策目标而需要增加投放资源，抵销了部分盈利的增幅。因此，股东资金回报率为2.1%(二零一八年：0.9%)，而成本对收入比率则下降至58.7%(二零一八年：86.0%)。尽管年金业务录得会计亏损，其内含价值约为53亿港元，显示业务长远而言应能获得盈利。

资本充足率处于30.2%的稳健水平(二零一八年：26.8%)，以预留资金作业务发展之用。本集团辖下从事一般保险业务的附属公司的偿付能力充足率约为39倍(二零一八年：42倍)，从事年金业务的附属公司则约为22倍(二零一八年：34倍)，两者均远高于相关最低监管要求。

表1

财务表现概要	二零一九年 百万港元	二零一八年 百万港元
未计减值前的经营溢利	337	67
除税前溢利	337	67
股东应占溢利	317 ¹	127 ¹
股东资金回报率	2.1% ¹	0.9% ¹
成本对收入比率	58.7% ¹	86.0% ¹
资本充足率	30.2%	26.8%

¹ 在扣除按揭证券公司全资附属公司——香港年金有限公司基于精算假设对其年金业务因需要维持审慎的法定储备而引起的会计亏损后，二零一九年经调整的股东应占溢利、股东资金回报率和成本对收入比率分别为4.43亿港元、4.2%及41.8%(二零一八年：分别为5.15亿港元、5.1%及36.7%)。

净利息收入

香港按揭证券公司集团录得净利息收入5.24亿港元，较二零一八年减少1,200万港元，主要由于到期及提早偿还贷款使平均贷款组合减少所致，而年内购买基建贷款及其他平均计息资产(即现金及债务投资)增加则令情况有所舒缓。净息差为1.0%(表2)。

表2

净利息收入	二零一九年 百万港元	二零一八年 百万港元
净利息收入	524	536
平均计息资产	53,839	50,972
净息差	1.0%	1.1%

按揭保险已满期保费净额

透过按揭保险计划新承保的贷款，由二零一八年的325亿港元微升至二零一九年的333亿港元。已收保费净额(扣除提供予客户的折扣后)按未到期风险摊销及确认为收入。计及给予银行整笔鼓励性佣金支出、申索及拨备约300万港元(二零一八年：400万港元)，已满期保费净收入为1.96亿港元(二零一八年：2.22亿港元)。

年金业务之净保险相关业绩

鉴于年内新增业务量减少，年金业务之净保险相关业绩(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以及佣金和征费支出总和)录得3.87亿港元亏损(二零一八年：5.50亿港元)。会计亏损主要由于按精算假设下需要维持审慎的法定储备，而存放于外汇基金的资本及已收保费的投资回报则归类于其他收入项下。

其他收入

其他收入为4.65亿港元(二零一八年：2.50亿港元)，主要包括来自存放于外汇基金的投资收益4.65亿港元(二零一八年：1.85亿港元)、以公允价值变化计入损益的投资收益净额3,300万港元(二零一八年：净亏损1,400万港元)、来自投资的股息收入2,000万港元(二零一八年：5,900万港元)及外汇亏损3,800万港元(二零一八年：收益1,200万港元)，主要来自美元存款及债务投资。

经营支出

本集团一直致力维持严格的成本监控以控制开支及提高营运效率。为支持本集团的核心使命及香港特区政府若干政策，资源的投放有所上升，经营支出增加至4.80亿港元(二零一八年：4.12亿港元)，惟支出金额较预算为少。雇员成本为2.96亿港元(二零一八年：2.58亿港元)，有效控制于占总经营支出的61.7%。

贷款减值拨备

资产素质维持稳健，本集团的按揭贷款组合拖欠比率处于0.02%的低水平(二零一八年：0.02%)。由于年内购买了具较高信贷质素的基建贷款金额约19亿港元，按照已批准的审慎拨备政策在二零一九年录得的贷款减值拨备为90万港元(二零一八年：2万港元)。本年度录得贷款撇销为50万港元(二零一八年：60万港元)；而同期收回已撇销贷款为50万港元(二零一八年：90万港元)。

按类分析

以下表3载列按不同业务对二零一九年税前溢利的贡献。

表 3

	购买资产 及供款管理 服务 百万港元	一般保险 百万港元	人寿保险 百万港元	总额 百万港元
截至二零一九年 十二月三十一日止年度				
税前溢利/(亏损)	302	163	(128)	337
截至二零一八年十二月 三十一日止年度				
税前溢利/(亏损)	360	173	(466)	67

二零一九年购买资产及供款管理服务税前溢利为3.02亿港元，主要来自贷款及投资组合的净利息收入。二零一九年一般保险税前溢利为1.63亿港元，主要为按揭保险计划和安老按揭计划已满期保费净额。二零一九年人寿保险税前亏损为1.28亿港元，主要由于香港年金公司基于精算假设对其年金业务需要维持审慎的法定储备，部分由资本及已收保费存放于外汇基金的投资回报抵销。尽管香港年金公司录得亏损，但截至二零一九年年底，年金业务内含价值²约为53亿港元，显示业务长远而言应能获得盈利。

² 内含价值为权益总额与未来溢利现值总和。权益总额包括香港年金公司于二零一八年四月所得注资50亿港元。

财务状况

贷款组合

本集团于本年度购入约19亿港元基建贷款(二零一八年：3亿港元的香港贷款资产)。计及本年度按揭贷款组合的提早还款和正常还款后，贷款组合未偿还结余为69亿港元(二零一八年：64亿港元)。

证券投资

本集团按照董事局批准的投资指引，采取审慎、低风险的方针管理剩余资金与投资活动。于二零一九年十二月三十一日，投资组合总结余为173亿港元(二零一八年：172亿港元)，包括169亿港元债务投资及4亿港元交易所买卖债券基金及房地产信托投资基金。债务投资并无任何违约损失。

外汇基金存款

于二零一九年十二月三十一日，按证保险公司和香港年金公司资本投资及香港年金公司已收保费存放于外汇基金的金额为129亿港元(二零一八年：77亿港元)，其中按证保险公司的资本投资由二零一九年开始。

债券发行

于二零一九年，本集团透过中期债券发行计划，发行合共319亿港元债券。该计划发行的所有非港元债务均以港元或美元对冲外汇风险。本集团继续采纳审慎的预先筹措资金策略，于二零一九年十二月三十一日，未赎回债券总结余维持于397亿港元(二零一八年：373亿港元)。

主要资产负债表外风险

按揭保险计划

本集团以核准再保险公司分担风险方式经营按揭保险业务。于二零一九年底，风险总额约为279亿港元(二零一八年：237亿港元)，其中48亿港元(二零一八年：40亿港元)已向核准再保险公司购买再保险。由本集团承担的资产负债表外风险增加至231亿港元(二零一八年：197亿港元)。

于二零一九年底，未决申索拨备占所承担风险维持稳定于0.1%。拖欠比率维持稳健的0.003%水平(二零一八年：0.002%)。

安老按揭计划

本集团以保险公司的身份经营安老按揭计划，就香港参与银行贷出的安老按揭贷款收取保费，提供按揭保险保障。计及安老按揭贷款未提取的未来年金以及于二零一九年实行的再保险安排，本集团于二零一九年十二月三十一日承担的风险，增加至112亿港元(二零一八年：96亿港元)，相关未偿还贷款总结余为23亿港元。

资本管理

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。年内，本集团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，计算资本充足率乃跟随财务报告的综合基准，但撇除须遵守其他维持充足资本要求的受规管附属公司(即受保险业监管局规管的按证保险公司和香港年金公司)。撇除未予综合的受规管附属公司的投资成本后，于二零一九年十二月三十一日资本充足率仍处于30.2%的稳健水平，远高于资本充足率指引规定的8%最低比率。

于二零一九年十二月三十一日，按证保险公司和香港年金公司的偿付能力充足率分别约为39倍及22倍，远高于保险业监管局分别规定不低于200%和150%的法定最低要求。

股息

考虑到业务发展的资金需求，二零一九年不会宣派股息(二零一八年：无)。

风险管理

风险管理

本集团以审慎的商业原则营运。一切以「审慎为先、利润为后」的原则，作为整体风险管理架构与经营日常业务的方针。多年来，本集团不断优化已相当完善、稳健及行之有效的风险管理制度，务求配合市场与业务策略的变化。

董事局拥有本集团最高决策权及对风险管理负上最终责任。董事局在企业风险管理委员会的协助下，首要责任是制定风险胃纳声明内的风险管理策略，并确保本集团以有效的风险管理制度执行该等策略。风险胃纳声明订定所有风险活动的限制，并将这些限制纳入本集团遵循的风险上限、风险政策和监控程序中，以确保风险得到妥善管理。

企业风险管理委员会负责监察本集团各类型风险，检讨和批核高层次的风险相关政策，监察执行情况，并且督导有关管治、政策及措施的优化工作。委员会审视定期压力测试，以评估本集团应对极端严峻情况的财务能力。

委员会由一位执行董事担任主席，成员包括总裁、高级副总裁、首席法律顾问及风险管理部的高级职员。

本集团主要管理因贷款资产、担保组合、基建贷款、年金业务及投资组合而产生的信贷风险、市场风险、长寿风险、物业风险、营运风险、法律与合规风险及杠杆风险。

除企业风险管理委员会外，香港按揭证券有限公司亦藉不同的管理委员会管理风险，如基建融资及证券化投资委员会、信贷委员会、交易核准委员会、资产负债管理委员会、营运风险管理委员会及长寿风险委员会。除基建融资及证券化投资委员会由一位执行董事担任主席外，上述管理委员会均由总裁担任主席，成员包括相关高级副总裁、首席法律顾问及有关运作部门的高级职员。

保险附属公司亦自设风险管理委员会，以监察保险风险及其他有关风险。各个风险管理委员会由该等附属公司一位执行董事担任主席，成员包括总裁、相关高级副总裁及该等附属公司有关运作部门的高级职员。香港年金有限公司的风险管理委员会成员包括独立及非执行董事，为其营运提供独立的风险监察。

信贷风险

贷款资产及担保组合

本集团置有由零售及商业贷款资产组成的贷款及担保组合，当中主要为按揭贷款。信贷风险是本集团承担的最主要风险，源于借款人或交易对手因拖欠贷款而引起的风险。

(一) 违约风险

为有效控制违约风险，本集团四管齐下，保障和维持本身资产、按揭保险计划及中小企业融资担保计划下资产组合的素质：

- 仔细挑选交易对手，包括核准卖方、核准管理供款机构、核准再保险公司和贷款机构
- 对购买资产、保险和担保申请制定审慎的资格标准
- 对购买按揭贷款、违约损失、保险及担保索偿进行有效的尽职审查程序
- 提升高风险交易的保障。

若购买按揭贷款计划的贷款于违约时收回的金额少于贷款余额，可能引致亏损。为减低违约风险，本集团制定审慎的贷款购买标准，并于购买贷款过程中进行有效的尽职审查，以维持贷款的信贷素质。此外，本集团会视乎个别相关贷款组合的预计风险，与核准卖方就该组合订立加强信贷安排，以降低因借款人违约而可能招致的信贷损失。

按揭保险计划所承保的贷款于违约时亦可能会带来亏损。每宗按揭保险计划的申请，均由本集团根据一套审慎的投保标准审批，而参与银行的每项申索亦会由本集团审查，以确保符合所有按揭保险计划下的承保条件。因此，按揭保险计划贷款的违约风险得以大幅降低。为避免违约风险可能过于集中，本集团以再保险安排，将部分风险转移至核准再保险公司。

同样地，中小企融资担保计划所担保的贷款，于借款人违约时亦可能会带来亏损。各担保申请均会经贷款机构根据本身的信贷政策评估借款人的违约风险。此外，本集团采用审慎的承保条件，进行行政审批和信贷审查，从而更加了解担保申请的信贷素质；并就每宗坏帐索偿进行尽职审查，确保贷款符合本集团的承保条件以及贷款机构的内部信贷政策。

此外，本集团采用三管齐下的方式，管理小型贷款计划下的违约风险，包括(1)审慎评估借款人的还款能力；(2)由审批委员会考虑创业计划的商业可行性以批核贷款申请；及(3)向借款人提供营商培训和导师支援。

本集团定期追踪与汇报贷款和担保组合的信贷表现，让管理层知悉最新的信贷状况，以便密切监察经营环境中出现任何与本集团有关的风险，并及时实施减少风险的措施。

(二) 卖方／管理供款机构交易对手风险

倘若所收购组合的核准卖方／管理供款机构未能适时及准确地汇寄定期款项予本集团，可能会产生交易对手风险。

本集团采用以风险为本的资格审查，持续监测核准卖方／管理供款机构的贷款管理素质和信贷状况。

(三) 再保险公司交易对手风险

再保险公司交易对手风险指核准再保险公司无法向本集团支付索偿款项的风险。本集团已设立机制，评估按揭再保险公司的资格，并就所承受风险索取抵押品，以有效降低交易对手风险。

本集团每年及于需要时检讨各核准再保险公司的资格，以决定日后的业务分配及风险分摊比例。

(四) 库务交易对手风险

当库务交易对手拖欠或无法支付本集团有关库务工具交易的款项时，可能会产生库务交易对手风险。为管理库务交易对手，本集团采用以评级为主的交易对手评估框架，及以风险为本的交易对手限额机制。本集团持续监测库务交易对手，并根据评估结果，调整各库务交易对手的限额。

此外，本集团已经与主要掉期交易对手建立了双边抵押品安排，以减低库务交易对手风险。

(五) 贷款机构风险

本集团承受中小企贷款所产生的贷款机构风险：(1) 贷款机构的贷款行为与其信贷政策不符；(2) 贷款机构制定的信贷政策宽松、不够仔细或不够详尽以落实审慎批核要求；及(3) 贷款机构因为贷款有担保保障而在审批时不够审慎所引发的道德风险。本集团通过审查贷款机构的信贷政策以及就索偿进行的尽职审查，管理贷款机构风险。

(六) 保险公司交易对手风险

当人寿保险公司拖欠或无法履行其于根据保单逆按计划转让予本集团的人寿保单下的责任时，可能会产生保险公司交易对手风险。为降低保险公司交易对手风险，转让予本集团的人寿保单必须由保险业条例下的获授权保险公司发出。此外，本集团持续监察保险公司。

本集团信贷风险管理机制以信贷委员会及交易核准委员会为核心，而在保险附属公司则为其风险管理委员会。

信贷委员会及保险附属公司风险管理委员会负责制定信贷政策和资格标准。上述委员会审批要求成为购买按揭贷款计划的核准卖方／管理供款机构、按揭保险计划的核准再保险公司、中小企融资担保计划的核准贷款机构及合格的库务交易对手的申请。委员会亦负责制定交易对手的风险承担限额。委员会密切注视经营环境，并适时提出缓解风险措施，以管理信贷风险。

交易核准委员会及保险附属公司的风险管理委员会负责根据最新市况及董事局批准的业务策略，深入分析业务交易的定价因素及相关信贷风险。

基建贷款

当金融工具的交易对手未有履行其合约责任时，则会产生信贷风险，导致本集团可能产生或实际产生财务亏损。本集团多管齐下管理与基建融资及证券化业务相关的信贷风险，包括采用审慎贷款准则、内部专才及独立顾问进行深入的尽职审查。本集团审慎考虑所有投资，包括适当的风险及回报、可予接纳的项目风险及缓解措施。有关风险包括延误风险、建造风险、履约风险、营运风险、商业风险、财务风险、交易对手风险、集中风险、法律与合规风险、监管风险、政治风险、货币风险、利率风险，以及环境及社会风险。本集团持续监察有关风险、实施审查制度，亦运用稳健的内部信贷评级及违约损失率方法，对因基建贷款违约而产生的预期亏损进行评估。

就风险管治架构而言，一个包括独立风险控制小组的专责产品部门负责对基建投资进行信贷评估、日常监察、汇报及风险管理。基建融资及证券化投资委员会负责管理基建投资，包括监督对相关规则、指引及政策的遵守，以及批核、监察基建投资。

市场风险

由于市场价格转变，使本集团收入或贷款组合价值减少，即属市场风险。市场风险包括利率风险、资产负债满期错配风险、流动资金风险及货币风险。

(一) 利率风险

净利息收入是本集团盈利的主要来源，即本集团的贷款组合、现金及债务投资的利息收入超逾债务发行及其他借款的利息支出的差额。当市场利率的变动影响资产的利息收入及负债相关的利息支出时，即引致利率风险。

利率风险管理的主要目的，是局限利率变动对利息收入／支出的潜在不利影响，同时取得稳定的盈利增长。本集团面对的利率风险有两方面，即利率错配风险和息差风险。利率错配风险是影响本集团净利息收入的最大风险，主要源自本集团赚息资产及计息负债的利率重新订价的时间差异。利率错配风险常见于贷款中大部分为浮息资产(以最优惠利率或香港银行同业拆息率为基准)的贷款组合，而本集团的主要负债则为定息债券。本集团审慎运用不同类型的金融工具(例如利率掉期、利率期权、息差掉期、远期利率协议及发行按揭证券)管理利率错配风险。定息债券的收益一般透过利率掉期，转变为以香港

银行同业拆息率为基准的资金，使之更能与按揭资产的浮息收入配对。

本集团亦采用期限差距作为监察、衡量及管理利率错配风险的指标。期限差距衡量资产与负债的利率重新订价的时差。差距愈大，利率错配风险愈高。正期限差距指资产期限长于负债期限，即利率上升时风险较大；反之，负期限差距则表示利率下跌时风险较大。

本集团在资产负债管理委员会的指引监督下，视乎利率的未来走势及市况，会主动对资产负债组合的期限差距作出重新平衡。

息差风险指本集团以最优惠利率计息的赚息资产，及以香港银行同业拆息率计息的计息负债两者的基准利率差距。市场上可用作完全对冲最优惠利率与香港银行同业拆息率息差风险的金融工具有限。一般而言，资产均按香港银行同业拆息率以与资金的计息基准配对时，或有关的风险管理工具更普及或更具经济效益时，方能有效管理息差风险。过往数年，本集团刻意购买较多以香港银行同业拆息率计息的资产，因此息差风险已大幅减少。此外，本集团也发行以最优惠利率计息的按揭证券，及采用对冲衍生工具，以减低在这方面的息差风险。

(二) 资产负债满期错配风险

按揭贷款及基建贷款组合的实际平均年期，通常较按揭贷款的合约年期为短，视乎按期还款及提前还款的快慢而定。提前还款率愈高，则按揭贷款组合的平均年期愈短。在香港，提早还款有两个主要原因：(i) 换楼 — 借款人出售相关物业时全数偿还按揭；及(ii) 转按 — 借款人为取得较低的按揭利率重新安排按揭贷款。

资产负债满期错配风险可更具体阐释为再投资风险与再融资风险。再投资风险指本集团将提前还款及收回的按揭贷款重新投资所得回报较低的风险。再融资风险指以较高利率或价差再融资负债的风险。当以短期负债融资长期的浮息按揭资产时，本集团便会面对融资金额及资金成本的再融资风险。再投资风险可透过不断购买贷款资产补充保留组合流失的贷款，及将剩余现金投资债券及现金存款以调整整体资产组合的平均年期作有效管理。此外，本集团透过发行可赎回债券及可转让贷款证减轻再投资风险，让本集团得以运用可赎回债券及可转让贷款证所包含的赎回权，调整负债的平均年期，使负债能更切合整体资产组合。

本集团通过发行不同年期的债券，管理再融资风险，用以灵活调校整体负债组合的平均年期。此外，可以透过调整投资组合的资产到期日，或将贷款证券化以减少本集团的贷款资产，从而减低再融资风险。

本集团以资产负债期限差距比率评估、监控及管理资产负债满期错配风险，以确保本集团资产与负债的平均年期有适度平衡。

(三) 流动资金风险

流动资金风险指本集团无法偿还债务(例如赎回到期债券)或无法为承诺购买的贷款组合提供资金的风险。本集团采用流动资金风险管理机制应对市况的转变，不断监控市场事件对本集团流动资金状况的影响，并采取审慎的预早融资策略，控制全球市场波动对本集团流动资金的影响。流动资金风险可透过监控每日资金流，以及预测整个还款期的较长期资金流情况加以管理。本集团以流动资产比率衡量、监控及管理流动资金风险状况。

鉴于本集团由政府全资拥有的强大背景及良好的评级，本集团可以于债券市场有效率地从机构及零售投资者取得融资。除此优势外，本集团持有高流动性的投资组合，有助本集团迅速和顺利地应付无法预见的流动资金需求。即使市场资金持续异常紧缩时，本集团亦可运用外汇基金的300亿港元备用循环信贷，作为后备流动资金。

本集团已成功开拓多个融资渠道，审慎管理提早融资，确保所有的可预见融资承诺于到期时能够兑现，以支援业务发展及维持债务组合的平衡。此多元化资金来源，可使本集团以最低成本进行提早融资的策略，同时亦可在市场不寻常时期保持融资能力。目前的资金来源如下列**表1**所示：

表 1：本公司现时的资金来源

资金来源	说明
60亿美元中期债券发行计划	已委任强大的交易商团队根据此计划向国际机构投资者包销及分销港币及外币债券
400亿港元债务工具发行计划	主要交易商及销售团成员根据债务工具发行计划向机构投资者包销及分销债券。此发行计划下的可转让贷款证附属计划更进一步扩大原计划的资金来源及投资者基础
200亿港元的零售债券发行计划	配售银行以分行网络、电话及电子银行服务设施协助本集团向投资者发行零售债券
30亿美元Bauhinia按揭证券化计划	多种货币按揭证券发行计划，让本集团在本地及国际市场推出按揭证券
投资组合	主要包括现金及银行存款、商业票据、优质存款证及可随时兑换成现金的票据
货币市场短期资金	本集团已从多家本地及国际银行取得货币市场短期资金借贷额度作短期融资
300亿港元备用循环信贷安排	外汇基金承诺向本集团提供300亿港元备用循环信贷

(四) 货币风险

货币风险指汇率波动对本集团财政状况及外币现金流量的影响。本集团严格按照董事局批准的投资指引，在资产负债管理委员会的监督下管理货币风险。资产负债管理委员会订立每日可承受的风险上限。

基于审慎风险管理原则，根据中期债券发行计划已发行的外币计值债券，已通过外币换汇交易悉数对冲。

交易分别经前线、中间及后勤办公室处理，以确保有充份制衡。库务部为前线办公室，负责监察金融市场的变化，并根据资产负债管理委员会制定的策略执行各种现金、衍生工具、债务及证券化市场交易。风险管理部则担任中间办事处角色，监察交易是否符合库务交易对手及市场风险限额。业务运作部为后勤办公室，负责交易的核实、确认、结算及付款流程。

资产负债管理委员会负责全面管理市场风险。委员会依循审慎风险管理原则及董事局所核准的投资指引，负责审查和管理市场风险，包括利率风险、资产负债满期错配风险、流动资金和融资风险及货币风险。委员会定期举行会议，检讨金融市场的最新发展，并制定有关资产负债的管理策略。

(五) 外汇基金存款

香港年金公司将所得年金供款存于外汇基金的「投资组合」和「长期增长组合」，以赚取投

资回报。此外，自二零一九年四月起，该公司及按证保险公司将缴足资本及保留溢利存于「投资组合」，以管理资本回报率。若投资回报低于预期水平，本集团会承受市场风险。利率、股价、楼价及汇率不利变动亦可能造成亏损风险。本集团积极监察并检讨投资组合，以厘定「投资组合」与「长期增长组合」之间的策略资产配置。

香港年金公司及按证保险公司因外汇基金存款所引致的一切风险，均由其风险管理委员会管理。

长寿风险

安老按揭计划及保单逆按计划下的长寿风险指预期长及支付较大额的年金所引致的风险。年金付款期及贷款期愈长，贷款金额随着时间亦会累积愈多，而执行抵押物以偿还贷款后的余额会愈少。当出售物业的款项并不足以偿还贷款时，就可能会导致损失。

香港年金计划下的长寿风险指年金受益人的实际寿命比预期长，令发放年金的年期变长，从而严重影响年金计划的长期可持续性。

安老按揭计划和保单逆按计划的贷款终止率和年金计划的保单终止率很大程度上取决于借款人和年金受益人的死亡率(即寿命)。本集团对死亡率及日后预期寿命的延长作审慎的精算假设，藉以应对长寿风险。本集团每年进行风险分析，以评估长寿风险所带来的潜在财务影响，以及安老按揭计划、保单逆按计划和年金计划下各种风险素之间的相互影响，并定期检讨假设的死亡率。

长寿风险委员会负责管理本集团的长寿风险，其职责包括批核长寿风险管理政策、对冲交易，并检视本集团的长寿经验及风险。委员会亦会密切注视并分析人类寿命的趋势、相关科技的变革及对人类寿命的影响。

物业风险

在购买按揭贷款计划、按揭保险计划与安老按揭计划时，作为贷款及担保组合抵押品的物业如在价格方面有所波动，便会令本集团承受物业风险。本集团就购买贷款或贷款申请聘用测量师为每项物业估值、设定已抵押物业于变现时的保守价值、制定各类相关计划的最高按揭成数及进行压力测试以评估楼市下滑的影响，藉以管理物业风险。

信贷委员会和保险附属公司的风险管理委员会负责管理本集团的物业风险。

营运风险

营运风险指由内部程序、人为、系统失误或失灵、或外界因素引致运作中断而导致损失的风险。

本集团采用自下而上的方式，深入分析新产品、业务活动、程序，并将系统升级与尽职审查新业务流程，以识别营运风险，另外亦采用全面验证规则、资讯系统管理报告及审核证据，以追踪及呈报任何错误或不足。

本集团维持全面且完善的内部监控、核证制度及营运流程，积极管理营运风险。本集团设有营运框架，配合不同业务范畴推出的新产品。此外，本集团在执行营运及系统基建设施之前，会作出严格审视，确保有足够的内部监控，从而纾缓营运风险。

在业务活动及流程方面，本集团广泛利用先进资讯技术、配合有效的营运制度与监控，以确保日常营运的效率及成果。本集团采用有效的措施确保该等系统准确、可用及安全。本集团亦有谨慎措施确保足够监察和充分制衡，保证营运受到恰当控制。有效的内部监控有助减低财务风险，同时保障资产免遭挪用或不当的损失，包括预防及侦测欺诈行为。

营运风险管理委员会负责确保本集团所有相关运作部门都采取有效的营运风险及内部监控机制。委员会制定关键风险指标，监察主要营运风险的事项和减低风险措施的成效。于内部程序如有控制上的弱点、失效或不合规的情况，会作为营运风险事件纪录、汇报及处理，以作为营运风险管理。委员会也负责制定方向、解决有关政策、监控和管理营运事宜，并确保倘若审核结果涉及营运风险或内部监控时，可以迅速采取恰当的纠正措施。

法律与合规风险

法律与合规风险指违反法定或监管责任及法律文件无法予以执行以保障本集团利益所产生的风险。

本公司在法律顾问部(包括合规专组)的协助下管理该等风险。

由首席法律顾问主管的法律顾问部，负责就法律事务向本集团提供意见。当考虑新产品或业务时，法律顾问部会就有关法律及法律文件提供意见。本集团亦会适时聘请外部法律顾问，协助法律顾问部为本集团提供法律支援。

合规专组是法律顾问部的一部分，由合规总监领导，其通过首席法律顾问向总裁汇报。合规专组会适时聘请外部法律顾问，为合规事宜提供意见。

营运风险管理委员会是负责管理法律与合规风险的委员会。

杠杆风险

为确保本集团在扩展业务以及资产负债表时，对资本基础不会构成过度的风险，财政司司长作为本集团的监管人，已颁布资本充足率指引。该指引主要参考「巴塞尔协定II」的风险资本充足框架，而当中最低的资本充足率定为8%。于二零一九年十二月三十一日，本集团的资本充足率为30.2%。

监管资本按资本指引严格监控并审慎运用。总裁每季向董事局汇报资本充足率和当季的最低每日比率。本集团同时也设有预警机制，当资本充足率低于14%的临界水平时，总裁会通知执行董事及考虑作出补救措施。而当资本充足率下跌至12%或以下时，会通报董事局，并采取适当的补救措施。

保险附属公司的资本要求须遵守保险业监管局的监管规定。于二零一九年十二月三十一日，香港年金公司和按证保险公司的偿付能力充足率分别为22倍及39倍。

企业管治报告

企业管治报告

企业管治常规

本公司的使命是促进：

- 银行业界稳定
- 市民置业安居
- 本地债券市场发展
- 退休规划市场发展

本公司根据审慎商业原则运作，并致力确保高水平的企业管治，务求提升整体问责性、透明度及长远的持续营运能力。本公司所采纳的企业管治常规，载于董事局所通过的「企业管治守则」（「守则」）内。守则以公平、透明、问责及向所有持份者负责的原则为前提。守则已向唯一股东、董事及员工派发，并载于本公司的网站(www.hkmc.com.hk)。

守则的合规监控方面，每年由各部门进行自我评估开始，然后总内部审核师会独立审核各部门所填写的自我评估报表，合规报告之后会呈交董事局审阅。董事局有权要求就任何违规行为采取适当行动。

二零二零年二月，总内部审核师对各部门就二零一九年度的守则合规情况所提交的自我评估报表，进行了独立审核。根据年内本公司内部监控制度的审计结果及已填写的自我评估报表，总内部审核师认为守则在各重大方面已经予以遵守。

提升企业管治守则

保持稳健及合理的企业管治架构，以达至有效和审慎的公司管理，一直是本公司的首要工作。为确保本公司的企业管治常规与最佳标准更趋一致，

本公司将不时检讨守则，并采纳任何新发展的相关企业管治常规。

唯一股东

本公司的所有股份均由香港特别行政区政府透过外汇基金持有。

董事局

董事局负责领导本公司，并以有效及负责任方式推动公司争取佳绩。为对本公司作出策略性领导及实施有效监控，董事局每年最少会面四次，以检视本公司的业务策略与政策、预算与规划、组织与财务表现、风险管理、人力资源及社区关系。为确保董事局能够作出持平的决定，董事局成员包括来自政府以及政党、银行界、会计界与法律界的代表。本公司鼓励董事出席董事局会议，以确保事项得到充分讨论。

守则规定在董事局会议召开前，董事都获提供适当资料，以便了解公司事务的最新情况，并在会议上作出明智决定。在审查年度内，董事局共举行了四次会议。

守则亦规定董事在履行本公司的董事职责时，应避免可能或可能被视为损害其个人判断或诚信的情况或引起利益冲突的情况。

董事须就董事局会议即将审议的任何事项，申报其本人或其关连实体的重大利害关系。倘若有董事或其关连实体在董事局会议即将审议的事项中有利益冲突，则该名董事须在董事局会议表决该事项时放弃投票，而其出席也不会计算在该事项投票时的法定人数内。就每个财务汇报期，本公司均会要求董事就其本人及其关连实体在涉及本公司或本公司之附属公司或附属企业的重要交易、

安排或合约中所存有的重大利害关系进行确认。每年亦会按照香港财务报表准则，识别本公司与其交易对手订立的有关人士重大交易，并在财务报表的附注内作出披露。

截至二零一九年十二月三十一日，董事局有14名董事，全部均由本公司的股东正式委任。董事资料载于年报内刊载的董事报告，亦可在本公司网站参阅。除了四名执行董事，所有董事均为非执行董事，并无积极参与本公司的日常管理。但非执行董事在董事局审议事项方面扮演着重要角色，包括提供独立意见、广博见识及多方面专业知识，有效推动管理层执行本公司的政策。本公司并无向董事支付酬金。

本公司会向新委任的董事提供关于本公司业务活动、策略及目标的简介。

非执行董事的任期一般为一年。根据本公司的公司章程细则，全体非执行董事须于获委任后的下一届股东周年大会退任，惟可获再委任。

对于董事及管理人员为本公司履行职务时可能引起的法律诉讼及其他索偿，本公司备有保险安排。

主席与总裁

二零一九年内，主席一职由陈茂波先生担任，总裁一职由李令翔先生担任。主席与总裁职位分别由两位人士担任，以此明确区分董事局职责与本公司管理层的行政职责。董事局负责制定策略性

方向及业务指引，批核财务目标及持续密切监察本公司的表现。总裁向董事局负责，肩负带领管理层以适当有效方式执行董事局决策的重任。总裁亦会确保定期向董事局呈报有关本公司业务的充足资料。

公司秘书

公司秘书向董事局负责，而其主要职责是确保本公司及董事局遵循所有公司秘书程序。此外，公司秘书须确保会议文件于每次董事局会议召开前，及时发放予董事。董事亦可向公司秘书征询意见及有关服务，以确保董事局程序符合有关法律、规则和法规。

二零一九年的董事局会议时间表已预先提供予董事，以便董事安排出席会议。守则要求董事局会议文件一般应在相关董事局会议召开前最少七天，发送予各董事，让董事在董事局会议召开前能充分了解有关事宜。董事局会议文件一般载有会议议题的详尽背景或说明资料，亦适当包括支持文件、分析、研究结果、计划书、财政预算及预测。然而，如任何董事被认定与董事局会议的议题存在利益冲突，则该董事便不会获发相关议题的董事局会议文件。

所有董事局会议与审计委员会会议一般都有详尽的会议记录，记录内容包括会议上曾讨论的事项、达成的决定、董事曾提出的问题及曾发表的不同意见。董事局会议记录与审计委员会会议记录均由公司秘书保管，可供任何董事查阅。然而，如有董事对任何会议议题存有利益冲突，该名董事则不会获发亦不可查阅相关会议记录或资料。

审计委员会

在审查年度内，审计委员会成员为：

- 陈锦荣先生，非执行董事（审计委员会主席）
（于二零一九年七月二十五日获委任）
- 李达志先生，执行董事
（于二零一九年十月九日获委任）
- 陈家强教授，非执行董事
- 冯婉眉女士，非执行董事
- 施文信先生，非执行董事
（于二零一九年五月十七日退任非执行董事后不再为成员）
- 余伟文先生，副主席兼执行董事
（二零一九年十月九日起不再为成员）

审计委员会负责审阅本公司的财务报表、该等报表的编制及所采纳的会计准则、财务审计结果及本公司的管理程序，以确保其内部监控制度充足有效。

审计委员会定期与管理层、总内部审计师及外聘核数师举行会议。审计委员会亦会召开临时会议，审议需要其注意的特别事项。审计委员会主席向董事局提交报告供董事审阅，报告概述审计委员会曾进行的审阅，并重点指出任何重要事项。在二零一九年，审计委员会共举行了两次会议。

内部审计师

集团内部审计部独立于管理层运作，在评核本公司的内部监控制度上担当重要角色。总内部审计师领导集团内部审计部，直接向审计委员会主席汇报与本公司内部监控有关的一切事宜，亦同时向总裁汇报集团内部审计部的日常行政事宜。总内部审计师可以毋须知会管理层，与审计委员会主席直接沟通。

审计委员会每年均会正式审批由总内部审计师根据其独立风险评估并按照其对营运风险管理委员会与企业风险管理委员会会议曾讨论的相关风险管理议题的观察结果所编制的年度内部审计工作计划。集团内部审计部依照年度内部审计工作计划，采用以风险为本的审计方法，独立审核本公司的内部监控制度。每次审核后，集团内部审计部会与相关部门主管、高级管理层和执行董事讨论审核结果及建议。内部审计报告会呈交审计委员会审阅，然后再呈报董事局。

一直以来，管理层都积极考虑总内部审计师所提出的审计结果及建议，并密切监督有关建议的实施。

外聘核数师

本公司的外聘核数师是罗兵咸永道会计师事务所。核数师酬金的详细资料于本公司的财务报表内披露。核数师可随时与总内部审核师及审计委员会沟通。为确保核数师对本公司的独立性，核数师会根据香港会计师公会的《国际职业会计师道德守则》第290节的要求，每年致函审计委员会，确认其身份独立。为审核本公司截至二零一九年十二月三十一日年度的财务报表，罗兵咸永道会计师事务所已向审计委员会确认其身份独立。

财务汇报

本公司致力向持份者与公众人士，就业绩表现、财务状况和前景提供清晰、持平及全面的评估。董事负责编制财务报表，核数师就其汇报责任于该等财务报表的独立核数师报告中作出声明。董事要确保所编制的财务报表真实及公平地反映本公司的财政状况。本公司的全年及中期业绩会在相关时期结束后及时公布。

内部监控

董事局对本公司的内部监控制度承担整体责任，并透过审计委员会对该等制度是否足够和有效作出定期检讨。

透过成立多个不同委员会，以确保本公司有营运效率及审慎风险管理。当中包括企业风险管理委员会及基建融资及证券化投资委员会，均由一位执行董事担任主席，负责从企业整体角度监督本公司的风险；而营运风险管理委员会、信贷委员

会、交易核准委员会、资产负债管理委员会及长寿风险委员会均由总裁担任主席。每个委员会都有清晰明确的职权范围。有关该等委员会及本公司的风险管理架构的详情，均载于年报内「风险管理」一节。

内部监控制度旨在提供合理保障，以避免重大的失实陈述或损失，管理营运过程失效以及追求业务目标带来的风险，防止未经授权使用资产，妥善保存供内部使用及对外发放的会计记录，并确保符合政策及相关法例与法规。

合规汇报

合规专组是法律顾问部的一部分，其设立是为了更集中管理监管及合规风险。

合规专组由合规总监领导，并通过首席法律顾问向总裁汇报。根据本公司的集团合规政策和集团合规手册，合规专组主要就利益冲突、反贪污、反歧视、竞争法、私隐和个人资料保护、打击清洗黑钱及反恐融资方面，对本公司各部门二零一九年的合规操作进行监控并提供意见。合规专组于二零一九年进行合规审核，以确保本公司各部门维持稳健的合规操作。

为支援交易，合规专组于年内负责对主要交易进行审查和签字批核。合规专组亦举办培训提高员工的合规知识。为加强员工的合规知识，合规专组为本公司不同部门及附属公司的相关员工安排不同范畴的年度合规测验。

行为守则

本公司要求员工遵守最高的诚信和行为标准。该等要求与相关法律责任明确载于本公司员工手册内的行为守则(「行为守则」)。行为守则有条文特别规范员工个人利益与公司利益之间可能产生的潜在利益冲突。行为守则亦载有其他条文，以确保员工妥善地、符合道德地、公正无私地，在没有受到任何不正当影响下执行其职务。

行为守则载于本公司的内部网站，供全体员工参阅。

员工每年均须书面确认其已经遵守行为守则。根据已收到的员工确认书，管理层认为员工于二零一九年内均已遵守行为守则，表示满意。

沟通交流

本公司非常重视与公众的沟通交流。本公司的年报刊载了本公司的业务策略及发展详情。本公司的网站(www.hkmc.com.hk)适时登载本公司的新闻稿与其业务资讯。本公司亦设有热线电话，供公众人士查询使用。

企业社会责任

本公司致力履行企业社会责任。自二零零八年起，为了表扬本公司对社会的贡献及一直致力履行企业社会责任，香港社会服务联会向本公司每年颁发「同心展关怀」标志，而本公司现在已是第十二年参与企业社会责任工作。为嘉许关顾及重视雇员退休保障的雇主，本公司自二零一四年起每年均获强制性公积金计划管理局颁发「积金好雇主」奖项。

此外，本公司继续确保所有人都能使用本公司的网站，包括有视觉或听觉障碍等有障碍人士。

香港按证保险有限公司(「按证保险公司」)及香港年金有限公司(「年金公司」)

按证保险公司及年金公司(本公司的全资附属公司，为根据《保险业条例》在或从香港分别经营一般保险业务及长期保险业务的获授权保险人)的企业管治守则紧贴本公司的守则，皆载纳最佳企业管治常规。年内，各该附属公司的董事局由本公司的董事局成员及各该附属公司的高级管理层成员组成。按证保险公司及年金公司的董事由财政司司长作为两间附属公司的最终拥有人委任。各附属公司的审计委员会向本公司的审计委员会作定期汇报。

二零二零年二月，本公司的总内部审核师与年金公司的内部审核部主管对按证保险公司及年金公司各部门及专组各自就按证保险公司及年金公司二零一九年度的企业管治守则合规情况所提交的自我评估报表，进行了独立审核。根据年内两间附属公司内部监控制度的审计结果及已填写的自我评估报表，本公司总内部审核师与年金公司的内部审核部主管分别认为按证保险公司及年金公司的企业管治守则在各重大方面已经予以遵守。

结语

董事局对本公司二零一九年内的企业管治操作表示满意。在二零二零年，本公司将按不断的实践经验、监管制度变化、国际市场动向与发展，继续检讨企业管治架构并恰当地优化该等操作，务求提升本公司的效率和有效管理以达成其使命。

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**」)截至二零一九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

截至二零一九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、金融资产及据法产权;
- (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) 经营基建融资及证券化业务;
- (f) 受政府委托管理一个为参与的贷款机构借予本地非上市企业包括中、小型企业(「**中小企**」)及经营经验尚浅的企业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、寿险保单和其他资产(如适用)作抵押的按揭贷款、安老按揭贷款及保单逆按揭提供按揭保险;及
- (h) 在或从香港提供终身年金产品。

本公司截止二零一九年十二月三十一日的附属公司详情载于财务报表附注20。

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 2019 (**Financial Statements**).

Principal Activities

The principal activities of the Group in the course of the year ended 31 December 2019 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 carry on the infrastructure financing and securitisation business;
- (f) to operate a scheme for the Government providing guarantee on loans advanced by participating lenders for local non-listed enterprises, including small and medium enterprises (**SMES**) and businesses with less operating history;
- (g) to provide mortgage insurance cover in respect of mortgage loans, reverse mortgage loans and policy reverse mortgage loans originated by participating lenders and secured on residential properties, life insurance policies and, if applicable, other assets; and
- (h) to offer life annuity products in or from Hong Kong.

Details of subsidiaries of the Company as at 31 December 2019 are set out in Note 20 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，主要通过实施并经营下列项目、计划和业务，从事担保、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愿偏低。

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，为参与的贷款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。二零一九年，该计划所批核的新提取按揭贷款总额为333亿港元（二零一八年：325亿港元）。

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 guarantee, participation, origination and acquisition, mortgage insurance and life annuity mainly through the implementation and operation of the programmes, schemes and businesses 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 banks to offload their assets.

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 lenders 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 2019, the total amount of mortgage loans drawn down under the MIP was HK\$33.3 billion (2018: HK\$32.5 billion).

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退休规划选择，借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。本集团一直推行重点教育活动，令安老按揭计划的市场认受程度不断提升。

保单逆按计划

推出保单逆按计划，旨在给予退休人士新的退休规划选择，借此提升其退休生活素质。保单逆按计划参考安老按揭计划的业务模式，令借款人可动用寿险保单的身故赔偿作为抵押品，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保单逆按贷款，提供按揭保险保障，并收取保费。年内，本集团于各区推广保单逆按计划，以吸引广大社会阶层。

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，透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。以政府提供信贷担保总额最多为1,000亿港元作后盾。本集团在中小企融资担保计划下继续营运八成信贷担保产品，令中小企能改善资金周转、把握经济机遇及提升竞争力，作为政府对中小企银行贷款的持续支援。

Reverse Mortgage Programme (RMP)

RMP is launched with the aim of providing homeowners with a new retirement 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, market receptiveness to the RMP has been growing progressively.

Policy Reverse Mortgage Programme (PRMP)

PRMP is launched with the aim of providing retirees with a new retirement planning option to enhance their quality of life on retirement. Replicating the business model of the RMP, policy reverse mortgage enables borrowers to use the death benefits of their life policies as collateral in return for lump-sum payouts and/or a stream of monthly payouts from participating lenders over a payment term. Under the PRMP, the Group mainly acts as insurer to provide mortgage insurance cover for a premium on policy reverse mortgage loans advanced by participating lenders. Community-based promotions on the PRMP were staged during the year to engage broader segments of the society.

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. As the Government's continued support for SME bank financing, the Group continues to operate the 80% guarantee product under the SFGS (**80% SFGS**) on the backing of the Government's total guarantee commitment up to HK\$100 billion to enable SMEs to improve liquidity, grasp economic opportunities and boost competitiveness.

于二零一九年，作为政府为协助中小企渡过经济不景而实施的部分连串纾困措施，八成信贷担保产品的申请期及三项于二零一八年推出的优化措施（即担保费率减半、调升最高贷款额及延长贷款担保期）进一步延长至二零二二年中。于九月，八成信贷担保产品推出为期一年的新优化措施，提供可续期的延迟偿还本金安排，全期最长为12个月。本集团亦及时在中小企融资担保计划下新推出九成信贷担保产品，协助规模较小、经营经验尚浅的企业取得融资，申请期直至二零二二年中，政府为此提供信贷担保总额最多为330亿港元。

年内，本集团与参与的银行、中小企商会及工商业商会保持密切沟通，为贷款机构员工举办定期和专题培训，推广更多积极使用中小企融资担保计划。

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。

年内，本集团继续在促进发展本地年金市场方面担当重要角色。本集团加大宣传教育力度，成功提高长寿风险管理及退休理财规划重要性的公众意识，促进本地年金市场的快速发展。该计划不断进行优化，包括提高个人保费最高上限及推行为期六个月的保费折扣推广，更好地满足老龄人口的需要。在二零一九年，本集团年金业务所收保费显著增长16亿港元，自二零一八年年中推出以来所收保费累计达44亿港元。

In 2019, as part of the Government's successive relief packages for SMEs to tide over the economic downturn, the offer period and the three 2018 enhancements (namely, annual guarantee rate halved, maximum facility amount raised and maximum guarantee period extended) of the 80% SFGS were further extended to mid-2022; a new enhancement for the 80% SFGS was launched in September to offer, with a one-year offer period, a renewable principal moratorium up to twelve months for the whole of the initial and renewed periods; and the Group timely rolled out, with the offer period to end in mid-2022, a new 90% guarantee product under the SFGS on the backing of the Government's total guarantee commitment up to HK\$33 billion to help smaller-sized enterprises and businesses with relatively less operating experience to obtain financing.

During the year, the Group maintained close communication with participating banks, SME associations as well as commerce and industry chambers and provided regular and tailor-made training for lenders' staff members to promote the more active use of the SFGS.

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.

During the year, the Group continued to play an important role in fostering the development of the local annuity market. The Group stepped up its promotional and educational efforts which had successfully raised the public awareness of longevity risk management and the importance of retirement financial planning, thereby contributing to the rapid development of the local annuity market. The Plan underwent ongoing enhancements (including increase of maximum premium amount and a six-month premium discount campaign) to better serve the needs of the aging population. The annuity business of the Group recorded a noticeable growth of HK\$1.6 billion in premium receipts, reaching an accumulated premium receipt amount of HK\$4.4 billion in 2019 since its launch in mid-2018.

基建融资及证券化

环球基建融资市场资金缺口庞大并逐渐扩阔下，本集团在新设立的基建融资及证券化业务中，凭藉其卓越信贷评级和中长期资金融资能力，透过促进基建投融资活动，将能进一步履行其促进银行业界长期稳定和本地债券市场发展的使命。

年内，本集团按照审慎商业原则在稳健的风险管理框架下营运基建融资及证券化新业务。

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。经董事批准，该计划于二零一九年年底期满并停止接受申请。

2. 市场环境

受中美贸易摩擦升温、英国硬脱欧风险及中东地缘政局紧张等众多因素带来的巨大下行压力困扰，全球经济于二零一九年经历同步放缓。美国经济增长减慢，欧元区经济轻微增长。中国内地经济增长势头虽减速，但仍达增长目标。

面对多项严重不利外围因素，香港经济在二零一九年上半年已相当疲弱。受本地社会事件的严重打击加重影响，经济于下半年急剧转差，录得自二零零九年以来首次年度收缩。住宅物业市场在二零一九年首五个月普遍维持活跃之后自六月起一直进行整固。然而，楼价下调幅度温和，仍与经济基调及大众负担能力脱节。

Infrastructure Financing and Securitisation (IFS)

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 the long-term 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.

During the year, the Group started the new IFS business and carried out the approved business plan based on prudent commercial principles and under a robust risk management framework.

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. As approved by the Directors, the MFS expired and ceased to accept application at the end of 2019.

2. Market Environment

The global economy experienced a synchronised slowdown in 2019, beset with considerable downward pressures from an array of factors including the escalation of US-China trade tensions, risk of a hard Brexit and heightened geopolitical tensions in the Middle East. Economic growth in the US eased and that in the euro area was modest. The Mainland economy attained its growth target, although with a decelerated growth momentum.

Faced with significant external headwinds, the Hong Kong economy was already quite weak in the first half of 2019. Aggravated by the severe blow from the local social incidents, the economy deteriorated abruptly in the second half of the year and recorded its first annual contraction since 2009. The residential property market has been consolidating since June after staying generally active during the first five months of 2019. Yet, the downward adjustment had been moderate and property prices were still out of line with economic fundamentals and affordability of the general public.

3. 财务表现

股东应占溢利上升至3.17亿港元(二零一八年：1.27亿港元)。盈利上升，主要由于本集团的年金业务基于精算假设下需要维持审慎的法定储备因新增业务减少而下降，以及外汇基金存款投资回报增加，令会计亏损减少。然而，因为支持本集团的使命和政府的部分政策目标而需要增加投放资源，抵销了部分盈利的增幅。因此，股东资金回报率为2.1%(二零一八年：0.9%)，而成本对收入比率则下降至58.7%(二零一八年：86%)。尽管年金业务录得会计亏损，其内含价值约为53亿港元，显示业务长远而言应能获得盈利。本集团的财务表现综合如下：

3. Financial Performance

Profit attributable to shareholder increased to HK\$317 million (2018: HK\$127 million). The increase in profitability was primarily attributable to the decrease in the accounting loss as a result of the decrease in provisions for maintaining prudent statutory reserves based on actuarial assumptions for the Group's annuity business along with lower business intake during the year and the increase in investment return on the placements with the Exchange Fund. Notwithstanding that, the increase in profit was partly offset by additional resources utilised for the Group's missions and certain policy initiatives of the Government. Accordingly, return on equity was 2.1% (2018: 0.9%) while cost-to-income ratio decreased to 58.7% (2018: 86%). Despite the reported accounting loss on annuity business, the embedded value of the annuity business was about HK\$5.3 billion, indicating that the business should be profitable in the long term. A summary of the Group's financial performance is set out below.

		二零一九年 ⁴ 2019 ⁴	二零一八年 2018
股东应占溢利(百万港元)	Profit attributable to shareholder (HK\$ million)	317	127
股东资金回报率 ¹	Return on shareholder's equity ¹	2.1%	0.9%
成本对收入比率 ²	Cost-to-income ratio ²	58.7%	86.0%
资本充足率 ³	Capital adequacy ratio ³	30.2%	26.8%

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。

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 扣除香港年金有限公司《本公司全资附属公司》，基于精算假设为其年金业务维持审慎法定储备而产生的会计亏损后，二零一九年经调整的股东应占溢利、股东资金回报率和成本对收入比率分别为4.43亿港元、4.2%及41.8%(二零一八年：分别为5.15亿港元、5.1%及36.7%)。

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

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 After excluding the accounting loss as a result of maintaining prudent statutory reserves based on actuarial assumptions for annuity business by the HKMC Annuity Limited, a wholly-owned subsidiary of the Company, the adjusted profit attributable to shareholder, return on shareholder's equity and cost-to-income ratio for 2019 would be HK\$443 million, 4.2% and 41.8% respectively (2018: HK\$515 million, 5.1% and 36.7% respectively).

本集团二零一九年的收益表主要项目摘要如下：

- (a) 全年净利息收入减少1,200万港元至5.24亿港元，主要由于到期及提早偿还贷款使平均按揭贷款组合减少，惟有部分被年内购入的基建贷款及其他平均计息资产增加(即现金及债务投资)所抵销；
- (b) 按揭保险净保费收入为1.96亿港元(二零一八年：2.22亿港元)；
- (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3.87亿港元亏损(二零一八年：5.50亿港元)，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4.65亿港元(二零一八年：2.50亿港元)，主要包括存放于外汇基金所得的投资收益4.65亿港元(二零一八年：1.85亿港元)、以公允价值变动计入损益的投资收益净额3,300万港元(二零一八年：亏损净额1,400万港元)、投资股息收入2,000万港元(二零一八年：5,900万港元)及汇兑亏损3,800万港元(二零一八年：1,200万港元)；及
- (e) 经营支出为4.8亿港元，较预算为少，用作支援本集团的使命及政府的若干政策。

Key items in the Group's income statement for 2019 are highlighted as follows:

- (a) net interest income for the year decreased by HK\$12 million to HK\$524 million, mainly due to the reduction of average mortgage loan portfolio as a result of loan repayment and prepayment, partially cushioned by the purchase of infrastructure loans during the year and increase in other average interest-earning assets (i.e. cash and debt investments);
- (b) net mortgage insurance premiums earned were HK\$196 million (2018: HK\$222 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\$387 million (2018: HK\$550 million), 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\$465 million (2018: HK\$250 million), mainly representing investment income of HK\$465 million (2018: HK\$185 million) from placements with the Exchange Fund, net gain of HK\$33 million (2018: net loss of HK\$14 million) on investments at fair value through profit or loss, dividend income of HK\$20 million (2018: HK\$59 million) from investments, and exchange loss of HK\$38 million (2018: gain of HK\$12 million); and
- (e) operating expenses were HK\$480 million, less than budget, to support the Group's missions and the Government's certain policy initiatives.

4. 财务状况

于二零一九年十二月三十一日，本集团的资产总值合共675亿港元。本集团财务状况的主要变动如下：

- (a) 现金及短期资金微降15亿港元至279亿港元；
- (b) 投资组合微升1亿港元至173亿港元，当中4亿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、120亿港元于分类为按摊销成本投资的债务投资及49亿港元于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；
- (c) 外汇基金存款为129亿港元，为香港按证保险有限公司（「**按证保险**公司」）及香港年金有限公司（「**年金**公司」）的资本投资及年金公司的已收保费投资；
- (d) 贷款组合录得增加5亿港元至69亿港元，主要是因为购入基建贷款，惟有部分被到期及提早偿还按揭贷款组合所抵销；
- (e) 未赎回债券总额增加24亿港元至397亿港元；
- (f) 保险负债为65亿港元（二零一八年：46亿港元），主因是由年金业务所引起的保险负债增加；
- (g) 权益持有人应占股本及储备增加3亿港元至152亿港元；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及安老按揭计划在转移风险给核准再保险公司后所承担的剩余风险，分别为231亿港元（二零一八年：197亿港元）及112亿港元（二零一八年：96亿港元）。安老按揭计划的再保险安排始于二零一九年。

4. Financial Position

As at 31 December 2019, total assets of the Group amounted to HK\$67.5 billion. Key changes in the Group's financial position are as follows:

- (a) cash and short-term funds slightly decreased by HK\$1.5 billion to HK\$27.9 billion;
- (b) investment portfolio slightly increased by HK\$0.1 billion to HK\$17.3 billion, representing a total investment of HK\$0.4 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\$12.0 billion classified as amortised cost investments and of HK\$4.9 billion classified as investments at fair value through other comprehensive income;
- (c) placements with the Exchange Fund amounted to HK\$12.9 billion as capital investments of HKMC Insurance Limited (**HKMCI**) and HKMC Annuity Limited (**HKMCA**) and premium investments of the HKMCA;
- (d) loan portfolio recorded an increment of HK\$0.5 billion to HK\$6.9 billion, mainly attributable to purchase of infrastructure loans, partially offset by the repayment and prepayment of mortgage loan portfolio;
- (e) outstanding balance of debt securities issued increased by HK\$2.4 billion to HK\$39.7 billion;
- (f) insurance liabilities were HK\$6.5 billion (2018: HK\$4.6 billion), primarily due to the increase in insurance liabilities for annuity business;
- (g) capital and reserves attributable to equity holder increased by HK\$0.3 billion to HK\$15.2 billion; and
- (h) major off-balance sheet exposures were risk-in-force of the MIP and of the RMP. Exposures borne by the Group after ceding to the approved reinsurers for the MIP and the RMP were respectively HK\$23.1 billion (2018: HK\$19.7 billion) and HK\$11.2 billion (2018: HK\$9.6 billion). The RMP reinsurance arrangement started in 2019.

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（即按证保险公司和年金公司，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，本集团于二零一九年十二月三十一日的资本充足率保持30.2%（二零一八年十二月三十一日：26.8%）的稳健水平，远高于指引规定的8%最低比率。于二零一九年十二月三十一日，按证保险公司和年金公司各自的偿付能力充足率依次为39倍（二零一八年十二月三十一日：42倍）及22倍（二零一八年十二月三十一日：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，亦于年金业务中承受长寿、市场及流动资金风险。于二零一九年，本集团开始购入基建贷款，为其承受项目融资信贷风险。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限错配风险。

截至二零一九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3。

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. the HKMCI and the HKMCA, both being authorized insurers regulated by the Insurance Authority and subject to respective statutory requirements of maintaining adequate capital).

Excluding the investment cost of these two unconsolidated regulated subsidiaries, the CAR of the Group remained solid at 30.2% as at 31 December 2019 (31 December 2018: 26.8%), 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 2019 were about 39 times (31 December 2018: 42 times) and 22 times (31 December 2018: 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, and takes on longevity, market and liquidity risks under its annuity business. In 2019, the Group started to take on infrastructure loans which are exposed to project financing credit risk. 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 2019 are set out in Note 3 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. 本集团对其有重要影响的相关法律与法规的合规情况

年内，概无与环境有关且对本集团造成重要影响的相关法律及法规。

9. 二零一九年终结后发生的、对本集团有影响的重要事件详情

诚如二零二零至二一年度财政预算案及二零二零年四月初所公布，作为部分逆周期措施，政府委托本集团：(a)在中小企融资担保计划下新推出百分百担保特惠贷款产品，由政府提供总额最多为500亿港元的信贷担保；(b)就中小企融资担保计划下的八成及九成信贷担保产品推出进一步优化措施；及(c)推出先导计划以贷款总额最多10亿港元购入定息香港住宅按揭。尽管推出中小企融资担保计划的新产品和优化措施及先导计划或会增加本集团的相关营运成本，本集团在营运八成信贷担保产品和中小企融资担保计划的其他新产品以及购买定息按揭先导计划中将继续全力支持政府。有关任何其他相关重要事件，请亦参阅财务报表附注32。

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

During the year, there were no relevant laws and regulations relating to the environment that have a significant impact on the Group.

9. Particulars of Important Events affecting the Group that have occurred since end 2019

As announced in the 2020-21 Budget and in early April 2020, as part of its counter-cyclical measures, the Government commissioned the Group to launch: (a) a new 100% guarantee product under the SFGS with a twelve-month offer period to support SME bank financing on the backing of the Government's total guarantee commitment up to HK\$50 billion, (b) further enhancements to the 80% and 90% guarantee products under the SFGS, and (c) a pilot scheme to purchase fixed-rate residential mortgages in Hong Kong in an aggregate loan amount up to HK\$1 billion. Notwithstanding the launch of such new SFGS product and enhancements and pilot scheme 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 the other new SFGS products as well as the pilot scheme for fixed-rate mortgage purchase. Please also refer to Note 32 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

本集团将继续从事现有多元业务，并按政府委托制定新优化措施、产品及计划，以达成其核心使命及社会目标。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界提供流动资金。

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。

截至二零一九年十二月三十一日，本集团的固定雇员编制为327人(二零一八年：309人)，员工流失率为9.37%(二零一八年：8.92%)。

交易对手

截至二零一九年十二月三十一日，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20间参与的贷款机构，而安老按揭计划则有10间，保单逆按计划有6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间代理银行及3间转介银行。

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

The Group will continue with its existing multi-faceted businesses and develop new enhancements, products and schemes as commissioned by the Government to attain its core missions and social objectives. 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 2019, the permanent staff establishment of the Group was 327 (2018: 309) and the staff turnover rate was 9.37% (2018: 8.92%).

Counterparties

With respect to its loan and insurance portfolios, as at 31 December 2019, 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 20 participating lenders under the MIP, 10 under the RMP, 6 under the PRMP, 5 under the MFS and 31 under the SFGS. In relation to the annuity business, there were 20 agent banks and 3 referral banks for the Plan at the end of the year.

债券

截至二零一九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319亿港元的债券，实收款项约318亿港元。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26。

股息

考虑到业务发展的资金需求，董事局建议二零一九年不宣派股息(二零一八年：无)。

董事

年内或由年终至本报告的报告日期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

余伟文先生 JP
副主席兼执行董事
(于二零一九年十月一日任命为副主席)

李达志先生 JP
执行董事(于二零一九年十月一日获委任)

李令翔先生 JP
执行董事兼总裁

刘怡翔先生 JP
非执行董事

陈帆先生 JP
非执行董事

林健锋先生 GBS JP
非执行董事

Debt Securities

The Company issued notes with a total nominal value of HK\$31.9 billion under its multi-currency US\$6 Billion Medium Term Note Programme for a consideration of around HK\$31.8 billion during the year ended 31 December 2019. 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 26 to the Financial Statements.

Dividend

Having considered the capital requirements for the business development, Directors recommended that no dividend be declared for 2019 (2018: 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 Eddie YUE Wai-man, JP
Deputy Chairman and Executive Director
(designated as Deputy Chairman on 1 October 2019)

Mr Howard LEE Tat-chi, JP
Executive Director (appointed on 1 October 2019)

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

The Hon. James Henry LAU Jr., JP
Non-Executive Director

The Hon. Frank CHAN Fan, JP
Non-Executive Director

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

张国钧先生 JP
非执行董事

郭荣铿先生
非执行董事

陈家强教授 GBS JP
非执行董事

冯婉眉女士 BBS JP
非执行董事

王桂埙先生 BBS JP
非执行董事

陈锦荣先生
非执行董事 (于二零一九年五月十七日获委任)

张亮先生
非执行董事

陈德霖先生 GBS JP
副主席兼执行董事 (于二零一九年十月一日辞任)

黄玉山教授 SBS BBS JP
非执行董事 (于二零一九年五月十七日退任)

施文信先生 GBS JP
非执行董事 (于二零一九年五月十七日退任)

黄舜芬女士 (又名赵黄舜芬女士)
非执行董事 (于二零一九年五月十七日退任)

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。

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

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

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

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

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

Mr Clement CHAN Kam-wing
Non-Executive Director (appointed on 17 May 2019)

Mr Leong CHEUNG
Non-Executive Director

Mr Norman CHAN Tak-lam, GBS, JP
Deputy Chairman and Executive Director (resigned on 1 October 2019)

Professor WONG Yuk-shan, SBS, BBS, JP
Non-Executive Director (retired on 17 May 2019)

Mr Thomas Brian STEVENSON, GBS, JP
Non-Executive Director (retired on 17 May 2019)

Ms Estella WONG Sheun-fun (alias Mrs CHIU, Estella Sheun-fun)
Non-Executive Director (retired on 17 May 2019)

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.

除上述董事外，年内及由年终至本报告的日期间，本集团其他成员的董事局成员（或视情况而定，唯一董事）为：陈德霖先生（已辞任）、余伟文先生、李达志先生、李令翔先生、容渭棠先生、张亮先生、黄舜芬女士（又名赵黄舜芬女士）、林智远先生、罗康平先生、林丽霞女士、刘应彬先生（已辞任）、管胡金爱女士、曹妙如女士、余煜荣先生、梁静娴女士、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（已辞任）、卢绮霞女士（已辞任）、蔡绮文女士（亦为何小碧女士的候补董事）、何小碧女士（亦为蔡绮文女士的候补董事）、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）在截至二零一九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

截至二零一九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。

Other than the Directors named above, persons who (or as the case may be, entities which) served on the boards (or as the case may be, the sole director) of the other members of the Group during the year and during the period beginning with the end of the year and ending on the date of this report are Mr Norman CHAN Tak-lam (resigned), Mr Eddie YUE Wai-man, Mr Howard LEE Tat-chi, Mr Raymond LI Ling-cheung, Mr YUNG Wai-sun, Mr Leong CHEUNG, Ms Estella WONG Sheun-fun (alias Mrs CHIU, Estella Sheun-fun), Mr Nelson LAM Chi-yuen, Mr Lawrence LAW Hong-ping, Ms Juliana LAM Lai-ha, Mr LAU Ying-pan (resigned), Mrs Agnes KOON WOO Kam-oi, Ms Agnes TSO Miu-yue, Mr Kenneth YU Yuk-wing, Ms LEUNG Ching-han, 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 (resigned), Ms LO Yee Har Susan (resigned), Ms CHOY Yee Man (also served as Alternate Director to Ms HO Siu Pik), Ms HO Siu Pik (also served as Alternate Director to Ms CHOY Yee Man), 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 2019 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 2019, 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

二零二零年四月二十七日

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

27 April 2020

独立核数师报告

Independent Auditor's Report

致香港按揭证券有限公司唯一成员

(于香港注册成立的有限公司)

意见

我们已审计的内容

香港按揭证券有限公司(以下简称「**贵公司**」)及其附属公司(以下统称「**贵集团**」)列载于第159至273页的综合财务报表,包括:

- 于二零一九年十二月三十一日的综合财务状况表;
- 截至该日止年度的综合收益表;
- 截至该日止年度的综合全面收益表;
- 截至该日止年度的综合权益变动表;
- 截至该日止年度的综合现金流量表;及
- 综合财务报表附注,包括主要会计政策概要。

我们的意见

我们认为,该等综合财务报表已根据香港会计师公会颁布的《香港财务报告准则》真实而中肯地反映了贵集团于二零一九年十二月三十一日的综合财务状况及其截至该日止年度的综合财务表现及综合现金流量,并已遵照香港《公司条例》妥为拟备。

意见的基础

我们已根据香港会计师公会颁布的《香港审计准则》进行审计。我们在该等准则下承担的责任已在本报告「核数师就审计综合财务报表承担的责任」部分中作进一步阐述。

To the Sole Member of The Hong Kong Mortgage Corporation Limited

(incorporated in Hong Kong with limited liability)

Opinion

What we have audited

The consolidated financial statements of The Hong Kong Mortgage Corporation Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 159 to 273, which comprise:

- the consolidated statement of financial position as at 31 December 2019;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSS**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

我们相信，我们所获得的审计凭证能充足及适当地为我们的审计意见提供基础。

独立性

根据香港会计师公会颁布的《专业会计师道德守则》(以下简称「守则」)，我们独立于贵集团，并已履行守则中的其他专业道德责任。

关键审计事项

关键审计事项是根据我们的专业判断，认为对本期综合财务报表的审计最为重要的事项。这些事项是在我们审计整体综合财务报表及出具意见时进行处理的。我们不会对这些事项提供单独的意见。

我们在审计中识别的关键审计事项概述如下：

- 贷款组合的减值拨备
- 保险合同负债的计量

关键审计事项 Key Audit Matter

贷款组合的减值拨备 Impairment allowances on loan portfolios

参考载于综合财务报表内附注17。

Refer to note 17 to the consolidated financial statements.

于二零一九年十二月三十一日，本集团就4,910,217,000港元的按揭贷款组合及2,019,416,000港元的非按揭贷款组合，录得1,588,000港元的贷款减值拨备(二零一八年：分别为6,179,353,000港元、263,377,000港元及666,000港元)。

As at 31 December 2019, the Group recorded loan impairment allowances of HK\$1,588,000 relating to the gross mortgage loan portfolio of HK\$4,910,217,000 and the gross non-mortgage loan portfolio of HK\$2,019,416,000 (2018: HK\$666,000, HK\$6,179,353,000 and HK\$263,377,000, respectively).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Impairment allowances on loan portfolios
- Measurement of insurance contract liabilities

我们的审计如何处理关键审计事项 How our audit addressed the Key Audit Matter

我们就管理层对于贷款组合的预期信贷亏损评估所作出的审计程序包括下列项目：

Our audit procedures in relation to management's ECL assessment on the loan portfolios included the following:

- 了解及评估与计量预期信贷亏损有关的内部监控；
 - 对管理层就抵押品估值建立的控制之测试；
- Testing of the controls that management has established over the valuation of collateral;

关键审计事项
Key Audit Matter

贵集团建立预期信贷亏损模型，以估计其贷款组合的减值拨备。贵集团亦已就贷款组合的减值拨备的计量建立管治程序及监控。

The Group built an expected credit losses (“ECL”) model for estimating impairment allowances on its loan portfolio. The Group also established governance process and controls for the measurement of impairment allowances of the loan portfolio.

贷款组合的减值拨备是指管理层在结算日对贷款组合内预期亏损的最佳估计。贵集团就自初始确认后信贷风险大幅增加的贷款以及不良信贷的贷款乃参考合约期内之预期信贷损失计提减值拨备。良好贷款乃参考12个月的预期信贷损失计提减值拨备。该等拨备乃基于过去事件、当前状况以及于报告日对未来事件及经济状况预测的合理及可证实的资料。

Impairment allowances on the loan portfolios represent management’s best estimate of the expected losses within the loan portfolios as at the balance sheet date. Allowances for impairment are made for loans with significant increase in credit risk since initial recognition and for loans that are credit impaired with reference to the life time expected credit losses. Allowances for impairment are made for performing loans with reference to the 12-month expected credit losses. These allowances are based on reasonable and supportable information about past events, current conditions and forecasts of future events and economic conditions at the reporting date.

此审计重点集中于贷款减值拨备，因为决定预期减值及其相关拨备的估算，本质上涉及管理层的重大判断。

The audit focused on loan impairment allowances because both the determination of the expected impairment and the underlying calculations are inherently subject to significant judgement by management.

我们的审计如何处理关键审计事项
How our audit addressed the Key Audit Matter

- 在可行范围内通过与各个外部独立估值报价的比较，对抵押品估值进行独立的样本检查；

Performing independent sample checking of the collateral’s value to various external independent valuation quotes to the extent available;

- 对于自初始确认后信贷风险大幅增加的贷款及不良信贷的贷款，通过抽取贷款样本，藉以评估该等贷款是否得以适时确认及测试相应的减值计算；

For loans with significant increase in credit risk since initial recognition and for loans that are credit impaired, assessing a sample of these loans for timely identification and for testing the corresponding impairment calculation;

- 评估于二零一九年十二月三十一日的预期信贷亏损整体合理性。

Assessing the overall reasonableness of the ECL as at 31 December 2019.

我们就管理层用于计算预期减值的管理层判断，获取得相关凭证支持。

We found that management’s judgements used in calculating the expected impairment were supported by the evidence obtained.

我们亦就管理层用以计算不同系列的贷款减值拨备的模型及假设，获取得相关凭证支持。

We also found that the models and assumptions used in calculating the impairment allowances on the loan portfolios were supported by the available evidence.

关键审计事项 Key Audit Matter

保险负债的计量 Measurement of insurance liabilities

参考载于综合财务报表内附注25。

Refer to note 25 to the consolidated financial statements.

香港年金有限公司（贵公司之全资附属公司）已于二零一八年七月推出香港年金计划，于截至二零一九年十二月三十一日止年度已签发的保险合约之保费为16.31亿港元（二零一八年：27.80亿港元）。根据香港财务报告准则第4号「保险合约」及香港保险监管要求，签发香港年金计划下保单导致贵集团于综合财务状况表内确认保险合约负债。已确认负债为50.27亿港元（二零一八年：32.84亿港元），约占贵集团于二零一九年十二月三十一日综合负债总额的10%（二零一八年：7%）。

HKMC Annuity Limited (a wholly-owned subsidiary of the Company) has launched the HKMC Annuity Plan (the "Plan") in July 2018 and it has issued insurance contracts with premiums amounting to HK\$1,631 million for the year ended 31 December 2019 (2018: HK\$2,780 million). The issuance of the policies under the Plan has given rise to the recognition of insurance contract liabilities on the consolidated statement of financial position of the Group based on HKFRS 4 "Insurance Contracts" and the Hong Kong insurance regulatory requirements. The liabilities recognised amounted to HK\$5,027 million (2018: HK\$3,284 million), being approximately 10% of the total consolidated liabilities of the Group as at 31 December 2019 (2018: 7%).

我们的审计如何处理关键审计事项 How our audit addressed the Key Audit Matter

我们就保险合约负债的计量所作出的审计程序包括下列项目：

Our audit procedures in relation to the measurement of insurance contract liabilities included the following:

- 评估人寿保险合约负债估值精算过程的内部控制。

Evaluating the internal controls over the actuarial process of the valuation of life insurance contract liabilities.

在罗兵咸永道会计师事务所精算专家的参与下，我们对保险合约负债进行了以下程序：

With the involvement of our PwC actuarial experts, we have carried out the following procedures in relation to the insurance contract liabilities:

- 评估所采用的方法是否符合香港保险监管要求；

Assessing the appropriateness of the methodologies adopted against the Hong Kong insurance regulatory requirements;

关键审计事项 Key Audit Matter

保险合同负债的估值需要使用适当的精算方法、各种投资回报及操作假设，以上这些因素均涉及管理层的高程度判断。因此，我们认为此属关键审计事项。于资产负债表日，保单持有人未来给付的估计存在根本不确定性。用于计量与香港年金计划相关的保险合同负债的主要假设包括估值利率及死亡率。

The valuation of insurance contract liabilities requires the use of appropriate actuarial methodologies, and also various investments return and operational assumptions that are subject to a high degree of management's judgement. Therefore, this is identified as a key audit matter in our audit. There are inherent uncertainties in the estimation of future policyholder benefits as at the balance sheet date. The key assumptions used in measuring the insurance contract liabilities related to the Plan include valuation interest rates and mortality rates.

我们的审计如何处理关键审计事项 How our audit addressed the Key Audit Matter

- 评估所使用的主要假设(包括估值利率及死亡率)的合理性，以及管理层所作判断的根据；及

Assessing the reasonableness of the key assumptions used including the valuation interest rate and mortality rates, and management's rationale for the judgment applied; and

- 评估保险合同负债整体的合理性。

Evaluating the overall reasonableness of the insurance contract liabilities.

根据已完成的工作，我们认为保险合同负债估值所用的主要假设及方法均属恰当。

Based on the work performed, we considered the key assumptions and methodologies appropriate for the valuation of the insurance contract liabilities.

其他信息 Other Information

贵公司董事须对其他信息负责。其他信息包括年报内的所有信息，但不包括综合财务报表及我们的核数师报告。

我们对综合财务报表的意见并不涵盖其他信息，我们亦不对该等其他信息发表任何形式的鉴证结论。

结合我们对综合财务报表的审计，我们的责任是阅读其他信息，在此过程中，考虑其他信息是否与综合财务报表或我们在审计过程中所了解的情况存在重大抵触或者似乎存在重大错误陈述的情况。

基于我们已执行的工作，如果我们认为其他信息存在重大错误陈述，我们需要报告该事实。在这方面，我们没有任何报告。

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

董事及审计委员会就综合财务报表须承担的责任

贵公司董事须负责根据香港会计师公会颁布的《香港财务报告准则》及香港《公司条例》拟备真实而中肯的综合财务报表，并对其认为为使综合财务报表的拟备不存在由于欺诈或错误而导致的重大错误陈述所需的内部控制负责。

在拟备综合财务报表时，董事负责评估 贵集团持续经营的能力，并在适用情况下披露与持续经营有关的事项，以及使用持续经营为会计基础，除非董事有意将 贵集团清盘或停止经营，或别无其他实际的替代方案。

审计委员会须负责监督 贵集团的财务报告过程。

核数师就审计综合财务报表承担的责任

我们的目标，是对综合财务报表整体是否不存在由于欺诈或错误而导致的重大错误陈述取得合理保证，并出具包括我们意见的核数师报告。我们仅按照香港《公司条例》第405条向 阁下（作为整体）报告我们的意见，除此之外本报告别无其他目的。我们不会就本报告的内容向任何其他人士负责或承担任何责任。合理保证是高水平的保证，但不能保证按照《香港审计准则》进行的审计，在某一重大错误陈述存在时总能发现。错误陈述可以由欺诈或错误引起，如果合理预期它们单独或汇总起来可能影响综合财务报表使用者依赖综合财务报表所作出的经济决定，则有关的错误陈述可被视为重大。

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

在根据《香港审计准则》进行审计的过程中，我们运用了专业判断，保持了专业怀疑态度。我们亦：

- 识别和评估由于欺诈或错误而导致综合财务报表存在重大错误陈述的风险，设计及执行审计程序以应对这些风险，以及获取充足和适当的审计凭证，作为我们意见的基础。由于欺诈可能涉及串谋、伪造、蓄意遗漏、虚假陈述，或凌驾于内部控制之上，因此未能发现因欺诈而导致的重大错误陈述的风险高于未能发现因错误而导致的重大错误陈述的风险。
- 了解与审计相关的内部控制，以设计适当的审计程序，但目的并非对 贵集团内部控制的有效性发表意见。
- 评价董事所采用会计政策的恰当性及作出会计估计和相关披露的合理性。
- 对董事采用持续经营会计基础的恰当性作出结论。根据所获取的审计凭证，确定是否存在与事项或情况有关的重大不确定性，从而可能导致对 贵集团的持续经营能力产生重大疑虑。如果我们认为存在重大不确定性，则有必要在核数师报告中提醒使用者注意综合财务报表中的相关披露。假若有关的披露不足，则我们应当发表非无保留意见。我们的结论是基于核数师报告日止所取得的审计凭证。然而，未来事项或情况可能导致 贵集团不能持续经营。
- 评价综合财务报表的整体列报方式、结构和内容，包括披露，以及综合财务报表是否中肯反映交易和事项。
- 就 贵集团内实体或业务活动的财务信息获取充足、适当的审计凭证，以便对综合财务报表发表意见。我们负责 贵集团审计的方向、监督和执行。我们为审计意见承担全部责任。

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

除其他事项外，我们与审计委员会沟通了计划的审计范围、时间安排、重大审计发现等，包括我们在审计中识别出内部控制的任何重大缺陷。

从与审计委员会沟通的事项中，我们确定哪些事项对本期综合财务报表的审计最为重要，因而构成关键审计事项。我们在核数师报告中描述这些事项，除非法律法规不允许公开披露这些事项，或在极端罕见的情况下，如果合理预期在我们报告中沟通某事项造成的负面后果超过产生的公众利益，我们决定不应在报告中沟通该事项。

罗兵咸永道会计师事务所
执业会计师

香港，二零二零年四月二十七日

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 April 2020

综合收益表

Consolidated Income Statement

截至二零一九年十二月三十一日止年度
for the year ended 31 December 2019

		附注 Notes	2019 千港元 HK\$'000	2018 千港元 HK\$'000
利息收入	Interest income	6	1,470,479	1,229,710
利息支出	Interest expense	7	(946,488)	(693,501)
净利息收入	Net interest income		523,991	536,209
已到期保费净额	Net premiums earned	8	1,987,650	3,157,652
其他收入	Other income	9	465,397	249,633
经营收入总额	Total operating income		2,977,038	3,943,494
申索产生净额、已付利益及 保单持有人负债变动	Net claims incurred, benefits paid and movement in policyholders' liabilities	8	(2,021,558)	(3,321,037)
佣金支出净额及征费支出	Net commission and levy expenses	8	(138,361)	(142,991)
经营支出	Operating expenses	10	(479,651)	(412,388)
未计减值前的经营溢利	Operating profit before impairment		337,468	67,078
减值拨备	Charge of impairment allowances	12	(934)	(134)
除税前溢利	Profit before taxation		336,534	66,944
税项	Taxation	13(a)	(19,073)	59,614
本年度溢利	Profit for the year		317,461	126,558

第165至273页所载附注为综合财务报表的一部分。

The notes on pages 165 to 273 are an integral part of these consolidated financial statements.

综合全面收益表

Consolidated Statement of Comprehensive Income

截至二零一九年十二月三十一日止年度
for the year ended 31 December 2019

		附注 Note	2019 千港元 HK\$'000	2018 千港元 HK\$'000
本年度溢利	Profit for the year		317,461	126,558
其他全面收益：	Other comprehensive income:			
其后可能重新分类至损益 的项目：	Items that are or may be reclassified subsequently to profit or loss:			
以公允价值变化计入其他全面收益 的债务工具：	Debt instruments at fair value through other comprehensive income			
— 公允价值变动净额	— change in the fair value, net		27,311	(7,182)
— 亏损拨备变动净额	— change in the loss allowance, net	12	(46)	14
本年度其他全面收益／(亏损)， 已扣除税项	Other comprehensive income/(loss) for the year, net of tax		27,265	(7,168)
本年度全面收益总额	Total comprehensive income for the year		344,726	119,390

第165至273页所载附注为综合财务报表的一部分。

The notes on pages 165 to 273 are an integral part of these consolidated financial statements.

综合财务状况表

Consolidated Statement of Financial Position

于二零一九年十二月三十一日
as at 31 December 2019

		附注 Notes	2019 千港元 HK\$'000	2018 千港元 HK\$'000
资产	ASSETS			
现金及短期资金	Cash and short-term funds	14	27,908,184	29,390,855
应收利息及汇款	Interest and remittance receivables	15	518,691	437,919
衍生金融工具	Derivative financial instruments	16	200,702	161,047
贷款组合净额	Loan portfolio, net	17	6,928,045	6,442,064
证券投资：	Investment securities:			
— 以公允价值变化计入其他全面收益	— fair value through other comprehensive income	18(a)	4,920,402	5,091,664
— 以公允价值变化计入损益	— fair value through profit or loss	18(b)	378,803	543,612
— 按摊销成本列帐	— amortised cost	18(c)	12,034,506	11,546,833
外汇基金存款	Placements with the Exchange Fund	19	12,881,627	7,734,934
预付款项、按金及其他资产	Prepayments, deposits and other assets	21	1,337,349	829,491
递延税项资产	Deferred tax assets	13(b)	79,170	77,866
再保险资产	Reinsurance assets	25	208,991	171,518
固定资产	Fixed assets	22	109,864	53,766
资产总额	Total assets		67,506,334	62,481,569
负债	LIABILITIES			
应付利息	Interest payable	23	372,874	257,468
应付帐项、应付开支及其他负债	Accounts payable, accrued expenses and other liabilities	24	5,261,217	5,061,679
衍生金融工具	Derivative financial instruments	16	299,935	264,386
当期税项负债	Current tax liabilities	13(b)	123,115	104,077
保险负债	Insurance liabilities	25	6,501,639	4,607,373
已发行债务证券	Debt securities issued	26	39,710,963	37,292,877
负债总额	Total liabilities		52,269,743	47,587,860
权益	EQUITY			
权益持有人应占股本及储备：	Capital and reserves attributable to the equity holder:			
股本	Share capital	27	7,000,000	7,000,000
保留溢利	Retained profits		6,553,108	6,263,342
风险储备	Contingency reserve		1,658,669	1,632,818
公平值储备	Fair value reserve		24,814	(2,451)
权益总额	Total equity		15,236,591	14,893,709
负债及权益总额	Total liabilities and equity		67,506,334	62,481,569

董事局已于二零二零年四月二十七日批准及授权刊行。

Approved and authorised for issue by the Board of Directors on 27 April 2020.

余伟文

Eddie W. M. Yue

副主席兼执行董事 Deputy Chairman and Executive Director

李令翔

Raymond L. C. Li

执行董事兼总裁 Executive Director and Chief Executive Officer

第165至273页所载附注为综合财务报表的一部分。

The notes on pages 165 to 273 are an integral part of these consolidated financial statements.

综合权益变动表

Consolidated Statement of Changes in Equity

截至二零一九年十二月三十一日止年度
for the year ended 31 December 2019

		股本 Share capital 千港元 HK\$'000	保留溢利 Retained profits 千港元 HK\$'000	风险储备 Contingency reserve 千港元 HK\$'000	公平值储备 Fair value reserve 千港元 HK\$'000	总额 Total 千港元 HK\$'000
于二零一八年一月一日结余	Balance as at 1 January 2018	2,000,000	6,089,765	1,679,837	4,717	9,774,319
本年度溢利	Profit for the year	–	126,558	–	–	126,558
其他全面收益	Other comprehensive income	–	–	–	(7,168)	(7,168)
本年度全面收益总额	Total comprehensive income for the year	–	126,558	–	(7,168)	119,390
注资(附注27)	Capital injection (Note 27)	5,000,000	–	–	–	5,000,000
由保留溢利拨入已到期风险保费 净额的50%或75%至风险储备	Transfer of 50% or 75% of net risk premium earned from retained profits to contingency reserve	–	(209,261)	209,261	–	–
由风险储备拨回至保留溢利	Release of contingency reserve to retained profits	–	256,280	(256,280)	–	–
于二零一八年十二月三十一日结余	Balance as at 31 December 2018	7,000,000	6,263,342	1,632,818	(2,451)	14,893,709
采纳香港财务报告准则第16号的 变动(附注2.1)	Changes on adoption of HKFRS 16 (Note 2.1)	–	(1,844)	–	–	(1,844)
于二零一九年一月一日经重列结余	Restated balance as at 1 January 2019	7,000,000	6,261,498	1,632,818	(2,451)	14,891,865
本年度溢利	Profit for the year	–	317,461	–	–	317,461
其他全面收益	Other comprehensive income	–	–	–	27,265	27,265
本年度全面收益总额	Total comprehensive income for the year	–	317,461	–	27,265	344,726
由保留溢利拨入已到期风险保费 净额的50%或75%至风险储备	Transfer of 50% or 75% of net risk premium earned from retained profits to contingency reserve	–	(189,875)	189,875	–	–
由风险储备拨回至保留溢利	Release of contingency reserve to retained profits	–	164,024	(164,024)	–	–
于二零一九年十二月三十一日结余	Balance as at 31 December 2019	7,000,000	6,553,108	1,658,669	24,814	15,236,591

第165至273页所载附注为综合财务报表的一部分。

The notes on pages 165 to 273 are an integral part of these consolidated financial statements.

综合现金流量表

Consolidated Statement of Cash Flows

截至二零一九年十二月三十一日止年度
for the year ended 31 December 2019

	附注 Notes	2019 千港元 HK\$'000	2018 千港元 HK\$'000
经营业务之现金流量	Cash flows from operating activities		
经营溢利	Operating profit	336,534	66,944
就以下各项作出的调整：	Adjustment for:		
利息收入	Interest income	(1,476,616)	(1,243,385)
利息支出	Interest expense	881,654	632,864
股息收入	Dividend income	(20,019)	(58,626)
来自外汇基金存款的收益	Income from placements with the Exchange Fund	(464,693)	(184,934)
折旧	Depreciation	81,037	19,371
已发行债务证券折让摊销	Amortisation of discount on debt securities issued	64,834	60,637
减值拨备	Charge of impairment allowances	934	134
证券投资溢价摊销	Amortisation of premium on investment securities	6,137	13,675
以公允价值变化计入损益的投资（收益）／亏损净额	Net (gain)/loss on investments at fair value through profit or loss	(33,037)	13,500
金融工具公允价值变动	Change in fair value of financial instruments	(7,372)	(10,947)
出售以公允价值变化计入其他全面收益的投资收益净额	Net gain on disposal of investment at fair value through other comprehensive income	(75)	—
出售按摊销成本列帐的投资收益净额	Net gain on disposal of investment at amortised cost	—	(192)
出售固定资产的亏损	Loss on disposal of fixed assets	510	—
已收利息	Interest received	1,381,156	1,148,331
已付利息	Interest paid	(766,248)	(567,529)
未计经营资产及负债变动前经营业务所得现金流量	Cash flows from operating activities before changes in operating assets and liabilities	(15,264)	(110,157)
原到期日超过三个月的定期存款变动	Change in time deposits with original maturity of more than three months	(1,338,000)	(4,422,000)
应收汇款变动	Change in remittance receivables	14,688	1,113
预付款项、按金及其他资产变动	Change in prepayments, deposits and other assets	(510,798)	(762,688)
贷款组合变动	Change in loan portfolio	(486,895)	1,387,357
应付帐项、应付开支及其他负债变动	Change in accounts payable, accrued expenses and other liabilities	152,718	(301,584)
保险负债净额变动	Change in insurance liabilities, net	1,856,793	3,470,306
汇兑差额	Exchange differences	71,088	(11,553)
经营业务使用之现金	Cash used in operation	(255,670)	(749,206)
已付税项	Taxation paid	(1,339)	(29,817)
经营业务使用之现金净额	Net cash used in operating activities	(257,009)	(779,023)

		附注 Notes	2019 千港元 HK\$'000	2018 千港元 HK\$'000
投资活动之现金流量	Cash flows from investing activities			
购买固定资产	Purchase of fixed assets	22	(38,337)	(38,808)
购买以公允价值变化计入其他全面收益的证券投资	Purchase of investment securities at fair value through other comprehensive income		(1,679,612)	(1,307,246)
购买以公允价值变化计入损益的证券投资	Purchase of investment securities at fair value through profit or loss		–	(16,644)
购买按摊销成本列帐的证券投资	Purchase of investment securities at amortised cost		(2,176,283)	(1,855,361)
出售及赎回证券投资所得款项	Proceeds from sale and redemption of investment securities		3,675,539	3,465,235
外汇基金存款	Placements with the Exchange Fund		(4,682,000)	(7,550,000)
已收上市投资股息	Dividend received from listed investments		20,019	58,626
投资活动使用之现金净额	Net cash used in investing activities		(4,880,674)	(7,244,198)
融资活动前现金流出净额	Net cash outflows before financing		(5,137,683)	(8,023,221)
融资活动之现金流量	Cash flows from financing activities			
银行借款所得款项	Proceeds from bank borrowings		25,418,080	27,467,772
偿还银行借款	Repayment of bank borrowings		(25,417,451)	(27,467,772)
发行债务证券所得款项	Proceeds from issue of debt securities	26	31,843,819	34,006,865
赎回已发行债务证券	Redemption of debt securities issued	26	(29,474,462)	(31,289,536)
租赁付款的本金部分	Principal elements of lease payments		(51,392)	–
注资所得款项	Proceeds from capital injection	27	–	5,000,000
融资活动产生之现金净额	Net cash generated from financing activities		2,318,594	7,717,329
现金及等同现金项目减少净额	Net decrease in cash and cash equivalents		(2,819,089)	(305,892)
年初现金及等同现金项目	Beginning cash and cash equivalents		14,777,801	15,086,190
汇率对现金及等同现金项目影响	Effect of exchange rates on cash and cash equivalents		(1,529)	(2,497)
年终现金及等同现金项目	Ending cash and cash equivalents	14	11,957,183	14,777,801

第165至273页所载附注为综合财务报表的一部分。

The notes on pages 165 to 273 are an integral part of these consolidated financial statements.

综合财务报表附注

Notes to the Consolidated Financial Statements

1. 编制基准

香港按揭证券有限公司(本公司)及其附属公司(统称**本集团**)的综合财务报表,是按照由香港会计师公会颁布的香港财务报告准则(包括所有适用的个别香港财务报告准则、香港会计准则及诠释)、香港公认的会计原则与香港《公司条例》的规定编制。

本综合财务报表按历史成本惯例编制,并已就以公允价值列帐的金融资产及金融负债(包括衍生金融工具)的重估作出调整。

除另行陈述外,编制此综合财务报表所应用的会计政策及计算方法,与以往呈报的所有年度所应用的贯彻一致。

编制符合香港财务报告准则的财务报表时,须采用若干关键会计估计,而管理层应用本集团会计政策时亦须自行作出判断。涉及大量判断或较复杂的范畴、或假设及估计对综合财务报表属重要的范畴,已在附注4披露。

1. Basis of preparation

The consolidated financial statements of The Hong Kong Mortgage Corporation Limited (**Company**) and its subsidiaries (collectively the **Group**) have been prepared in accordance with Hong Kong Financial Reporting Standards ((**HKFRSS**) which is a collective term and includes all applicable individual Hong Kong Financial Reporting Standards (**HKFRS**), Hong Kong Accounting Standards (**HKASs**) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (**HKICPA**), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) carried at fair value.

The accounting policies and the methods of computation used in the preparation of these consolidated financial statements are consistently applied to all the years presented, unless otherwise stated.

The preparation of financial statements in conformity with HKFRSS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

2. 主要会计政策

2.1. 采纳香港财务报告准则

- (a) 于二零一九年一月一日起生效的新准则及修订

- 香港财务报告准则第16号「租赁」

香港财务报告准则第16号取代香港会计准则第17号「租赁」、香港(国际财务报告准则委员会)诠释第4号「厘定安排是否包括租赁」、香港(准则诠释委员会)诠释第15号「经营租赁 — 优惠」及香港(准则诠释委员会)诠释第27号「评估涉及租赁法律形式上之实质交易」。该准则载列确认、计量、呈报及披露租赁之原则,并要求承租人将所有租赁在资产负债表模式中入帐。香港财务报告准则第16号大致沿用香港会计准则第17号内出租人之会计处理方式。出租人将继续使用与香港会计准则第17号类似之原则将租赁归类为经营租赁或融资租赁。

本集团自首次应用日期二零一九年一月一日起采用经修订的追溯性采纳方法采纳香港财务报告准则第16号。根据追溯性应用该准则方法,于首次应用日期确认首次应用该准则的累积影响。对于首次应用日期前应用香港会计准则第17号及香港(国际财务报告准则委员会)诠释第4号识别为租赁的合约,本集团选择采用准则所允许的过渡可行权宜方法。本集团亦选择使用豁免确认于开始日期租期为12个月或以下且不包含购买权的租赁合约(短期租赁)及相应资产价值为低的租赁合约(低价值资产租赁)。

2. Summary of significant accounting policies

2.1. Adoption of HKFRSs

- (a) New and amended standards effective on 1 January 2019

- HKFRS 16 "Leases"

HKFRS 16 supersedes HKAS 17 "Leases", HK(IFRIC) 4 "Determining whether an Arrangement contains a Lease", HK(SIC) 15 "Operating Leases-Incentives" and HK(SIC) 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (**short-term leases**), and lease contracts for which the underlying asset is of low value (**leases of low-value assets**).

根据香港财务报告准则第16号的过渡性条文，比较数字并无重列。

于二零一九年一月一日采纳香港财务报告准则第16号的影响如下：

In accordance with the transitional provisions of HKFRS 16, comparative figures have not been restated.

The effect of adoption of HKFRS 16 as at 1 January 2019 is as follows:

		增加／ (减少) Increase/ (decrease) 千港元 HK\$'000
资产	Assets	
固定资产	Fixed assets	
— 使用权资产	— Right-of-use assets	105,090
— 租赁物业装修	— Leasehold improvement	(5,782)
预付款项、按金及其他资产	Prepayments, deposits and other assets	
— 预付款项	— Prepayments	(2,940)
		96,368
负债	Liabilities	
应付帐项、应付开支及其他负债	Accounts payable, accrued expenses and other liabilities	
— 租赁负债	— Lease liabilities	97,165
— 拨备	— Provisions	1,047
		98,212
权益	Equity	
保留溢利	Retained profits	(1,844)

本集团的物业租赁合同主要为办公室物业。于采纳香港财务报告准则第16号之前，本集团(作为承租人)于开始日期将租赁分类为经营租赁。在经营租赁中，租赁物业未予资本化，租赁付款在租赁期内按直线法于损益中确认为租金支出。任何预付租金及应付租金分别在预付款项及应付开支项下确认。

The Group has property lease contracts mainly for office premises. Before the adoption of HKFRS 16, the Group classified leases (as lessee) at the inception date as an operating lease. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under prepayments and accrued expenses, respectively.

采纳香港财务报告准则第16号后，本集团对所有租赁采用单一确认及计量方法。本集团已应用该准则规定的特定过渡要求。于首次应用香港财务报告准则第16号，本集团已使用准则下允许的可行权宜方法：

- 对具有合理相似特征的租赁组合使用单一折现率；
- 依赖过往有关租赁是否属亏损的评估，作为审阅减值的替代方法 — 于二零一九年一月一日并无亏损合约；
- 于初始应用日期，计量使用权资产时剔除初始直接费用；及
- 当合约包含延长或终止租赁的选择权时，根据初始应用日前选择权的实际行使及其他最新情况确定租期。

Upon adoption of HKFRS 16, the Group applied a single recognition and measurement approach for all leases. The standard provides specific transition requirements which has been applied by the Group. In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as alternative to performing an impairment review — there were no onerous contracts as at 1 January 2019;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

除短期租赁及低价值资产租赁除外，本集团就此前分类为经营租赁的租赁确认使用权资产及租赁负债。确认使用权资产时的账面值，以犹如一直应用该准则去计算，计算时于初始应用日期采用的递增借款利率除外。租赁负债按剩余租赁付款的现值确认，并于初始应用日期采用的递增借款利率2.5%折现。递增借款利率即本集团在相似经济环境中以相似条款及条件借得相似价值资产所需支付的利率。

于二零一八年十二月三十一日披露的经营租赁承担为1.04亿港元。于二零一九年一月一日采纳香港财务报告准则第16号后，已确认的使用权资产为1.05亿港元，而已确认的租赁负债则为9,700万港元。使用递增借款利率折现的经营租赁承担与在初始应用香港财务报告准则第16号当日于综合财务状况表中确认的租赁负债总额两者的差额主要与预付租赁付款有关。

于二零一九年生效的其他准则及修订对本集团并无重大影响。

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate of 2.5% at the date of initial application. The incremental borrowing rate is the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The operating lease commitments disclosed as at 31 December 2018 were HK\$104 million. Upon the adoption of HKFRS16 on 1 January 2019, the right-of-use assets recognised were HK\$105 million while the lease liabilities recognised were HK\$97 million. The differences between the operating lease commitments discounted using the incremental borrowing rate and the total lease liabilities recognised in the consolidated statement of financial position at the date of initial application of HKFRS 16 mainly related to prepaid lease payments.

The other standards and amendments effective in 2019 have no material impact on the Group.

(b) 已颁布但尚未生效的新准则及修订

若干新准则及修订于二零一九年一月一日起的年度后才开始生效，故并未在编制综合财务报表时所采用。除了下列所述外，其余的新准则及修订预期不会对本集团之综合财务报表产生重大的影响：

- 香港财务报告准则第17号「保险合同」确立一套全面的环球保险准则，其就保险合约的确认、计量、呈列及披露提供指引。该准则要求实体按现行实现价值计量保险合同负债。本集团尚未评估此项准则对其财务状况及经营结果的全面影响。此项准则由二零二一年一月一日或以后开始的年度生效，除非实际不可行，需追溯应用及重列比较数字。然而，香港会计师公会正考虑将强制实施日期延期一年，并可能对该准则作出额外修订。在此阶段，本集团于生效日期前不计划采纳此准则。

预计没有其他尚未生效的香港财务报告准则会对本集团产生重大影响。

(b) New standards and amendments issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2019, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

- HKFRS 17 “Insurance Contracts” establishes a comprehensive global insurance standard which provides guidance on the recognition, measurement, presentation and disclosures of insurance contracts. The standard requires entities to measure insurance contract liabilities at their current fulfilment values. The Group is yet to assess the full impact of the standard on its financial position and results of operations. The new standard is effective for annual periods beginning on or after 1 January 2021 and will be applied retrospectively with restatement of comparatives unless impracticable. However, HKICPA is considering delaying the mandatory implementation date by one year and may make additional changes to the standard. At this stage, the Group does not intend to adopt the standard before its effective date.

There are no other HKFRSs that are not yet effective that would be expected to have a material impact on the Group.

2.2. 综合帐目

综合财务报表包括本公司及其所有附属公司截至二零一九年十二月三十一日的财务报表。

附属公司指本集团有控制权的公司（包括用以发行按揭证券的结构公司香港按揭证券融资（第一）有限公司及Bauhinia MBS Limited）。当本集团透过参与公司运作而获得或承受不固定回报，并能够行使其权力影响该等回报，本集团被视为控制该公司。附属公司自控制权转移至本集团当日起被全面综合入帐，并自该控制权终止当日停止综合入帐。

本集团成员公司间的交易、结余及未变现交易收益会相互对销。除非有证据显示交易中所转让资产出现减值，否则未变现亏损亦应予以对销。如有需要，附属公司的会计政策需作出调整，以确保与本集团所采用的政策一致。

当本集团失去附属公司的控制权时，会被视为出售该附属公司的全部权益处理，而由此产生的收益或亏损会在损益内确认。

在本公司的财务状况表中，于附属公司的投资按成本扣减任何减值拨备列帐。附属公司之业绩由本公司按已收及应收股息记入本公司帐目。

2.2. Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December 2019.

Subsidiaries are entities (including structured entities used for issuing mortgage-backed securities, namely HKMC Funding Corporation (1) Limited and Bauhinia MBS Limited) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interests in that subsidiary, with a resulting gain or loss being recognised in profit or loss.

In the Company's statement of financial position, the investment in the subsidiaries is stated at cost less provision for impairment allowances. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

2.3. 利息收入及支出

所有附息金融工具之利息收入及支出均采用实际利息法于收益表内确认。

实际利息法是一种计算金融资产或金融负债之摊销成本、以及摊分有关期间之利息收入或利息支出的方法。实际利率指于金融工具之预计年期或较短时间(如适用)，将估计未来现金支出或收入准确折现至金融资产或金融负债帐面总值的利率。计算实际利率时，本集团会考虑金融工具的所有合约条款以估计现金流量，但不会计及预期信贷亏损。计算范围包括订约双方已支付或已收取且属于实际利率不可分割一部分的一切费用，以及交易成本及所有其他溢价或折让。

利息收入乃对金融资产帐面总值应用实际利率计算得出，惟其后出现信贷减值的金融资产除外。对于发生信贷减值的金融资产而言，其利息收入乃对金融资产的帐面净值(扣除亏损拨备后)应用实际利率。

2.4. 其他收入(附注2.21所述由保险与担保合约所产生的除外)**(a) 费用收入**

费用通常于提供服务时以应计基准确认。属于实际利率不可分割一部分的前期安排手续费作为对厘定贷款利息收入实际利率的调整确认。

2.3. Interest income and expense

Interest income and expense are recognised in the income statement for all interest bearing financial instruments using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the gross carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider expected credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.4. Other income other than those arising from insurance and guarantee contracts under Note 2.21**(a) Fee income**

Fees are generally recognised on an accrual basis when the service has been provided. Upfront arrangement fees that are an integral part of the effective interest rate are recognised as an adjustment to the effective interest rate in determining interest income on the loans.

(b) 股息收入

股息收入于取得获派股息权利时确认。

(c) 来自外汇基金存款的收益

外汇基金存款分类为「以公允价值变化计入损益的金融资产」，其公允价值变动于所产生年度确认为收入或亏损。

2.5. 金融资产

(a) 分类

本集团将其金融资产分类为以下计量类别：

- 以公允价值作后续计量（计入其他全面收益或计入损益）；及
- 按摊销成本计量。

分类取决于公司管理金融资产业务模式及其合约条款内的现金流量。

对于按公允价值计量的资产，收益及亏损将记入损益或其他全面收益。对于债务工具的投资，则取决于持有投资的业务模式。

本集团已将外汇基金存款分类为以公允价值变化计入损益的金融资产。

仅当其管理该等资产的业务模式发生变动时，本集团方会对证券投资进行重新分类。

(b) Dividend income

Dividend income is recognised when the right to receive payment is established.

(c) Income from placements with the Exchange Fund

Changes in fair value of the placements with the Exchange Fund classified as “financial assets at fair value through profit or loss” is recognised as income or loss in the year in which they arise.

2.5. Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI), or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in debt instruments, this will depend on the business model in which the investment is held.

The Group has classified the placements with the Exchange Fund as financial asset at fair value through profit or loss.

The Group reclassifies investment securities when and only when its business model for managing those assets changes.

(b) 计量

于初始确认时，本集团按其公允价值计量金融资产，如金融资产并非以公允价值变化计入损益，则加上收购该金融资产的直接所引起的交易成本。以公允价值变化计入损益的金融资产的交易成本于损益列作支出。

在确定含有嵌入式衍生工具的金融资产的现金流量是否仅为支付本金及利息时，将会视作整体考虑。

本集团的金融资产的后续计量取决于本集团管理资产的业务模式及资产的现金流量特征，计量分类如下：

- 摊销成本：为收取合约现金流量而持有的资产，而该等现金流量仅代表支付本金及利息，则按摊销成本计量。当债务投资于后续计量为按摊销成本计量，且并非为对冲关系的一部分，该资产于终止确认或减值时所产生的收益或亏损于损益中确认。

(b) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of the Group's financial assets are classified into the following categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired.

- 以公允价值变化计入其他全面收益：为收取合约现金流量及出售金融资产而持有的资产，而该资产的现金流量仅代表支付本金及利息，则按以公允价值变化计入其他全面收益计量。帐面值之变动乃透过其他全面收益确认，惟确认减值收益或亏损、利息收入及汇兑收益及亏损则于损益确认。当金融资产终止确认时，先前在其他全面收益中确认的累计收益或亏损将从权益重新分类至损益，并在其他收益或亏损中确认。
- 以公允价值变化计入损益：不符合按摊销成本或以公允价值变化计入其他全面收益标准的资产，按以公允价值变化计入损益计量。当投资后续计量为以公允价值变化计入损益，且并非为对冲关系的一部分，其收益或亏损的产生于期间收益表中的其他收益或亏损内呈列。
- Fair value through other comprehensive income (**FVOCI**): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains or losses.
- Fair value through profit or loss (**FVPL**): Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on investment that is subsequently measured at FVPL and is not part of a hedging relationship is recognised in profit or loss and presented net in the income statement within other gains or losses in the period in which it arises.

(c) 减值

本集团以前瞻性基准评估按摊销成本及以公允价值变化计入其他全面收益列帐的资产相关的预期信贷亏损。所采用的减值方法取决于信贷风险是否显著增加。附注3.2载列有关如何计量预期信贷亏损的更多详情。

(c) Impairment

The Group assesses on a forward-looking basis the expected credit losses (**ECLs**) associated with its assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.2 provides more details of how the ECLs is measured.

2.6. 金融负债

金融负债分为两类：以公允价值变化计入损益的金融负债及其他金融负债。所有金融负债于初始时分类，并初步按公允价值确认。

财务状况表所列明的已发行债务证券，包括：(i) 根据债务工具发行计划发行的债券，及(ii) 根据中期债券发行计划发行的债券（中期债券）。

该等债券初步指定为：(i) 以公允价值变化计入损益的金融负债或(ii) 其他金融负债。

于初始分类时，当债券（包括已发行嵌入式衍生工具的债券）被指定以公允价值变化计入损益，则按公允价值确认，且公允价值变动记录于收益表。当债券被指定为公允价值对冲之对冲项目，均会就被对冲风险而引起的公允价值变化作出相应调整。

指定为其他金融负债的债券初始时按公允价值确认，即所收代价的公允价值扣减产生的交易成本。债券其后按摊销成本列帐，扣除交易成本后的所得款项净额与赎回价值间的任何差额，于债务证券期间按实际利息法在收益表确认。

凡赎回／回购债券时的损益，即赎回／回购债券的金额与帐面值的差额，于赎回／回购发生期间于收益表入帐确认。

2.6. Financial liabilities

Financial liabilities are classified into two categories: financial liabilities at fair value through profit or loss and other financial liabilities. All the financial liabilities are classified at inception and recognised initially at fair value.

Debt securities issued in the statement of financial position include (i) notes issued under the Debt Issuance Programme (**DIP**), and (ii) notes issued under the Medium Term Note (**MTN**) Programme.

These notes are initially designated as either (i) financial liabilities at fair value through profit or loss or (ii) other financial liabilities.

The notes (including those issued with embedded derivative instruments) designated as at fair value through profit or loss upon initial recognition are carried at fair value, with changes in fair value being recorded in the income statement. Those notes which are designated as hedged items under a fair value hedge are adjusted for the fair value changes subject to the risk being hedged.

The notes designated as other financial liabilities are initially recognised at fair value, which is the fair value of the consideration received, net of transaction costs incurred. The notes are subsequently stated at amortised costs; any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the debt securities using the effective interest method.

On redemption/repurchase of the notes, the resulting gains or losses, being the difference between the redemption/repurchase amount and the carrying amount, are recognised in the income statement in the period in which the redemption/repurchase takes place.

2.7. 确认和终止确认金融工具

证券投资于本集团购买或出售的交易日确认。贷款组合及应收款项于借款人收到现金时确认。当收取金融资产所得现金流量的权利经已届满，或当本集团已转让拥有该项资产的绝大部分风险及回报的权利，金融资产将终止确认。

以公允价值变化计入损益的金融负债，及已发行债务证券于交易日确认。其他金融负债于债务产生时确认。金融负债仅于合约规定的债务已被清偿、已取消或已届满时，才于财务状况表终止确认。

2.8. 衍生金融工具及对冲会计处理

衍生工具最初于订立衍生工具合约之日按公允价值确认，其后按公允价值重新计量。公允价值乃根据活跃市场价厘定，包括最近市场交易及通过使用估值方法（包括现金流量折现模型及期权定价模型）。当衍生工具的公允价值为正数时，均作为资产入帐；而当公允价值为负数时，则作为负债入帐。从衍生工具所产生的应收和应付利息会分别呈列于财务状况表。

于初始确认时，最佳显示该衍生工具之公允价值应为其交易价值（即已付或已收代价之公允价值）。

2.7. Recognition and de-recognition of financial instruments

Purchases and sales of investment securities are recognised on the trade date, the date on which the Group purchases or sells the assets. Loan portfolio and receivables are recognised when cash is advanced to the borrowers. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership.

Financial liabilities at fair value through profit or loss and debt securities issued are recognised on the trade date. Other financial liabilities are recognised when such obligations arise. Financial liabilities are derecognised from the statement of financial position when and only when the obligation specified in the contract is discharged, cancelled or expired.

2.8. Derivative financial instruments and hedge accounting

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Interest receivables and payables arising from derivatives are separately presented in the statement of financial position.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received).

若干嵌入金融负债之衍生工具之经济特征及风险与所属主合约并无密切关系，且主合约并非以公允价值变化计入损益计量时，该等嵌入式衍生工具会作为独立衍生工具处理。该等嵌入式衍生工具以公允价值计量，而公允价值变动则于收益表确认。

确认公允价值损益的方法取决于衍生工具是否指定为对冲工具，如属对冲工具则须决定对冲项目性质。本集团指定若干衍生工具为：(i) 对冲已确认资产或负债或确实承担的公允价值（**公允价值对冲**）；或(ii) 对冲已确认资产或负债或预期交易极有可能产生的未来现金流量（**现金流对冲**）。在符合若干条件的情况下，指定的衍生工具采纳对冲会计方式处理。

本集团会于交易发生时记录对冲工具与对冲项目之关系、风险管理目的以及进行各类对冲交易时所采取策略。本集团亦会就对冲活动发生时及所涉期间内评估有关衍生工具能否高度有效地抵消对冲项目之公允价值或现金流量变动作出记录。

(a) 公允价值对冲

被指定为且合资格之公允价值对冲之衍生工具的公允价值变动连同被对冲风险之对冲资产或负债之相关公允价值变动，一并于收益表内记录。

若对冲不再符合对冲会计处理的要求，对冲项目之帐面值调整，将按剩余年期以实际利息法摊销至收益表。

Certain derivatives embedded in financial liabilities are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: (i) hedges of the fair value of recognised assets or liabilities or firm commitments (**fair value hedge**); or, (ii) hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecast transaction (**cash flow hedge**). Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used, is amortised to income statement over the period to maturity.

(b) 现金流对冲

被指定为且合资格之现金流对冲之衍生工具的公平值变动的有效对冲部分于其他全面收益内确认，并累计于权益中。无效部分的损益即时于收益表确认。

权益的累积数额将于相关对冲项目影响收益表时转出并拨入至收益表。

于对冲工具到期或出售，或不再符合对冲会计处理要求时，权益中的任何累计损益仍保留于权益内，直至预期进行的交易最终于收益表确认时始拨入收益表。当预期进行的交易不会落实时，权益所呈报的累计损益随即拨入收益表。

(c) 不符合采用对冲会计方法的衍生工具

凡不合资格采用对冲会计处理的经济对冲的衍生工具，以公平值变化计入损益。任何衍生工具的公平值变动，即时于收益表确认。

2.9. 对销金融工具

如金融资产及负债具有法律上可强制执行的权利可对销确认金额及有计划按净额结算，或同时变卖资产及清偿负债，则该金融资产及负债可互相对销，而两者之净额列于财务状况表内。法律上可强制执行的权利不应取决于未来事件，并且必须是在正常业务过程中，以及在本公司或交易对手违约、无力偿付债务或破产的情况下，可强制执行。

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges are recognised in OCI and accumulated in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled to the income statement in the periods in which the hedged item will affect income statement.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(c) Derivatives not qualified as hedges for accounting purposes

Derivative instruments entered into as economic hedges that do not qualify for hedge accounting are held at fair value through profit or loss. Changes in the fair value of any derivative instrument are recognised immediately in the income statement.

2.9. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.10. 收回资产

收回抵押资产作为待售资产列帐，并于「其他资产」项下呈报，相关贷款则终止确认。收回抵押资产按帐面值与公平值减销售成本之较低者计量。

2.11. 分类报告

经营分类按向首席经营决策者提供的内部报告一致的方式报告。首席经营决策者为分配资源及评估公司经营分类表现的个人或团体。本集团已指定总裁为首席经营决策者。

2.12. 外币换算

(a) 功能及呈列货币

本集团旗下各公司的财务报表中所载项目采用该公司营运所在主要经济环境所用的货币(功能货币)计量。综合财务报表以千港元为单位呈列，即本公司之功能及本公司和本集团之呈列货币。

(b) 交易及结余

外币交易按交易当日之汇率换算为功能货币。结算该等交易产生之汇兑盈亏以及以期末汇率换算外币计价的货币资产及负债而产生的汇兑盈亏在收益表确认。

2.10. Repossessed assets

Reposessed collateral assets are accounted as assets held for sale and reported in "Other assets" and the relevant loans are derecognised. The reposessed collateral assets are measured at lower of carrying amount and fair value less costs to sell.

2.11. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the Chief Executive Officer as its chief operating decision maker.

2.12. Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (**functional currency**). The consolidated financial statements are presented in thousands of units of Hong Kong dollars (**HK\$'000**) which is the Company's functional and the Company's and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

以外币计价的货币项目，按呈报日期的收市汇率换算。以历史成本估值的外币计价的非货币项目，按初始确认日期的汇率换算；以公允价值估值的外币计价的非货币项目，会以确定公允价值当日的汇率换算。

当归类为以公允价值变化计入其他全面收益，并以外币计价的货币项目之公允价值变动时，由证券的摊销成本变动所产生的换算差额，及由证券的帐面值的其他变动所产生的换算差额会区别出来。有关摊销成本变动的换算差额会在损益内确认；而除减值外，帐面值的其他变动会在其他全面收益内确认。

持有以公允价值变化计入损益的非货币金融工具的换算差额呈报为公允价值损益的一部分。归类为以公允价值变化计入其他全面收益的非货币金融工具的换算差额计入权益内的公允价值储备。

2.13. 固定资产

固定资产按历史成本减累计折旧及减值亏损列帐。历史成本包括收购该等项目的直接开支。

该项目的后续成本仅在本集团有可能获得有关项目之未来经济利益，且能准确计量项目成本时，方可计入资产帐面值或确认为独立资产（倘适用）。遭替换部分的帐面值被终止确认。所有其他维修及保养开支均于产生之财务期间于收益表确认。

Monetary items denominated in foreign currency are translated with the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

In the case of changes in the fair value of monetary assets denominated in foreign currency classified as FVOCI, a distinction is made between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount, except impairment, are recognised in OCI.

Translation differences on non-monetary financial instruments held at FVPL are reported as part of the fair value gain or loss. Translation differences on non-monetary financial instruments classified as FVOCI, are included in the fair value reserve in equity.

2.13. Fixed assets

Fixed assets are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

折旧采用直线法按下列估计可使用年期将成本减剩余价值摊销：

租赁物业装修	租约尚未届满的期间
傢俬及装置	租约尚未届满的期间
电脑	三年
办公室设备	三年
汽车	四年

资产的剩余价值及可使用年期于各呈报期末检讨并于适当时调整。

出售之收益及亏损按所得款项与帐面值的差额于收益表确认。

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

Leasehold improvements	over the unexpired period of the lease
Furniture and fixtures	over the unexpired period of the lease
Computer	3 years
Office equipment	3 years
Motor vehicle	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gain and loss on disposal is determined by comparing proceeds with carrying amount. It is included in the income statement.

2.14. 于附属公司的投资的减值

于附属公司收取股息后，倘若出现下述情况，需就附属公司的投资进行减值测试。如在股息宣布周期，股息超过附属公司的总全面收益。又或是附属公司在本公司的财务状况表所显示的帐面值，超过附属公司在综合财务状况表的净资产值（包括商誉）。

2.15. 当期及递延税项

期内税项支出包括当期及递延税项。税项会在收益表内确认，除非涉及确认于其他全面收益的项目或直接于权益内确认。在这种情况下，税项也会在其他全面收益或直接于权益确认。

当期税项根据呈报期末已颁布或实际颁布的税率计算。

2.14. Impairment of investment in subsidiaries

Impairment testing of the investment in a subsidiary is required upon receiving a dividend from that subsidiary if the dividend exceeds the total comprehensive income of the subsidiary concerned in the period the dividend is declared or if the carrying amount of the subsidiary in the Company's statement of financial position exceeds the carrying amount of the subsidiary's net assets including goodwill in the consolidated statement of financial position.

2.15. Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in OCI or directly in equity. In this case, the tax is also recognised in OCI or directly in equity.

Current tax is calculated on the basis of the tax rates enacted or substantively enacted at the end of the reporting period.

递延税项采用负债法按资产及负债的税基与综合财务报表所呈列帐面值之暂时差额作全数拨备。递延税项采用各呈报期末已颁布或实际颁布并预期在相关递延税项资产变现或递延税项负债结算时适用之税率厘定。

倘可能有未来应课税溢利与可动用暂时差额抵消，则确认递延税项资产。除非暂时差异的拨回由本集团控制，并有可能在可预见将来不会拨回暂时差额，就投资附属公司而产生的暂时差额需作递延税项拨备。

直接在其他全面收益中扣除或计入与现金流对冲相关的递延税项，亦应直接在其他全面收益中计入或扣除，其后连同递延盈亏在收益表中确认。

2.16. 雇员福利

(a) 雇员可享有的假期

雇员所享年假于雇员得到有关假期时确认。按截至各呈报期末就雇员所提供服务的估计享有的年假及长期服务假期的承担列为应计项目。

雇员可享有的病假、产假及待产假，于雇员休假时确认。

(b) 花红计划

本集团根据一项程式以考虑若干调整后所得溢利确认花红负债及开支。本集团根据合约责任或过往经验建立推定责任时，确认有关拨备。

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised where it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is provided on temporary differences arising from investment in the subsidiary, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the difference will not be reversed in the foreseeable future.

Deferred tax related to cash flow hedges, which are charged or credited directly to OCI, is also credited or charged directly to OCI and is subsequently recognised in the income statement together with the deferred gain or loss.

2.16. Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the end of each reporting period.

Employee entitlements to sick leave, maternity or paternity leave are recognised when the absence occurs.

(b) Bonus plans

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created constructive obligations.

(c) 退休金承担

本集团设立强制性公积金计划及界定供款计划，计划相关资产通常由独立信托人所管理之基金持有。该等退休金计划通常由雇员及本集团供款。

本集团对强制性公积金计划及界定供款计划的供款于产生时列作支出。

(c) Pension obligations

The Group offers a mandatory provident fund scheme and a defined contribution scheme, the assets of which are generally held in separate trustee — administered funds. These pension plans are generally funded by payments from employees and by the Group.

The Group's contributions to the mandatory provident fund scheme and defined contribution scheme are expensed as incurred.

2.17. 拨备

倘本集团现时因过往事件而涉及法律或推定责任，而履行责任很可能须耗用资源，且可合理估计款项时，则确认拨备。

当金额的时间值影响属重大的，拨备按预期偿付责任所需开支以除税前比率（反映当前市场对责任特定之时间值及风险之评估）计算之现值计量。

2.17. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events where it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where the effect of the time value of money is material, provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

2.18. 租约

(a) 作为承租人

自二零一九年一月一日起适用的会计政策

(i) 使用权资产

本集团于租赁开始日期（即相关资产可供使用日期）确认使用权资产。使用权资产按成本减累计折旧及减值亏损计量，并就任何重新计量的租赁负债作出调整。使用权资产成本包括已确认租赁负债金额、已产生初始直接费用及于开始日期或之前支付之租赁付款扣减任何已收取租赁优惠。除非本集团合理确定于租赁期结束时取得租赁资产的拥有权，否则已确认使用权资产于其估计可使用年期及租赁期（以较短者为准）按直线法折旧。

倘出现令使用权资产账面价值可能无法收回的事件或变动，则对使用权资产进行减值测试。倘资产账面价值高于其可收回金额，则将差额确认为减值亏损。可收回金额为资产公平值扣减出售成本与使用价值的较高者。

2.18. Leases

(a) As a lessee

Accounting policies applicable from 1 January 2019

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

(ii) 租赁负债

于租赁开始日期，本集团按租赁期内将作出的租赁付款现值计量确认为租赁负债。租赁付款包括定额付款扣除任何应收租赁优惠。租赁付款亦包括本集团合理确定行使的购买选择权的行使价，及在租赁期反映本集团行使终止租赁选择权时有关终止租赁的罚款。

于计算租赁付款的现值时，倘租赁所隐含的利率不易厘定，本集团则使用租赁开始日期的递增借款利率计算。于开始日期后，租赁负债金额的增加反映利息的累积，并会因已作出的租赁付款而减少。此外，倘出现修订，租赁负债的帐面值将会重新计量。

(iii) 短期租赁及低价值资产租赁

本集团对自开始日期起租赁期为12个月或以下且不含购买选择权的短期租赁应用短期租赁确认豁免，并对其认为属低价值的资产租赁应用低价值资产租赁确认豁免。短期租赁及低价值资产租赁的租赁付款于租赁期内以直线法确认为开支。

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of assets that are considered as low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

于二零一九年一月一日前适用的会计政策

(i) 经营租赁

经营租赁指由出租人承担拥有权绝大部分风险及回报之租约。本集团主要以承租人身份订立经营租约。经营租约租金(扣除出租人给予的任何优惠后)于租期内以直线法自收益表扣除。

倘经营租约于租约期满前终止,则任何须付予出租人的罚款将于终止发生期间确认为开支。

(ii) 融资租赁

融资租赁指由本集团承担拥有权的绝大部分风险及回报之资产租约。本集团主要以出租人身份订立融资租赁约。

Accounting policies applied prior to 1 January 2019

(i) *Operating leases*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. The Group entered into operating leases primarily as lessee. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(ii) *Finance leases*

Leases of assets where the Group has substantially all the risks and rewards of ownership are classified as finance leases. The Group entered into finance leases primarily as lessor.

(b) 作为出租人

倘本集团为出租人，其于租赁开始时厘定一项租赁为融资租赁或经营租赁。倘租赁转移相关资产的拥有权附带的绝大部分风险及回报，该租赁应分类为融资租赁。融资租约于租赁开始时按租赁物业公允价值或最低租金现值之较低者拨作应收款项。应收款项总额与应收款项现值的差额确认为未赚取融资收入。租约收入于租期内按反映固定回报率的净投资法确认。具有融资租约特性的租购合约按融资租约相同方式列帐。减值拨备按附注3.2所载贷款组合的会计政策列帐。

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Finance leases are capitalised as receivables at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return. Hire purchase contracts having the characteristics of a finance lease are accounted for in the same manner as finance leases. Impairment allowances are accounted for in accordance with the accounting policies for loan portfolio as set out in Note 3.2.

2.19. 现金及等同现金项目

就现金流量表而言，现金及等同现金项目包括于获取之日起计三个月内到期的结余，包括现金和银行结余。这些结余是易于转换为已知金额的现金，而其价值变动的风险不高。

2.19. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash and balances with banks that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

2.20. 财务担保合约

财务担保合约，本集团须根据债务工具的条款向持有人支付定额款项以补偿指定欠款人未能支付到期款项所产生损失。

财务担保合约，按附注2.21(b)所载会计政策，列帐为保险合约。

2.20. Financial guarantee contracts

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantee contracts are accounted for as insurance contracts in accordance with the accounting policies set out in Note 2.21(b).

2.21. 保险和其他担保合约

(a) 按揭保险合同

本集团按揭保险计划下的按揭保险业务，根据年度会计基准入帐。依照年度会计处理法，本集团按未来收支的可靠预测作出拨备，厘定本会计年度的承保业绩。承保业绩包括更正过往估计而作出的任何修订。

毛保费指本会计年度透过在《银行业条例》下定义之认可机构参与直接承保业务的保费。扣除折扣及退款后的毛保费包括向核准再保险公司支付再保险保费、本集团应收风险保费及服务费。保险费净额于保险生效期间，以时间比例确认为收入。

未到期保费为各呈报期末，估计承担风险及服务所需保费净额部分。

于各呈报期末，就未决申索、已产生但未申报申索及亏损储备作拨备。至于风险分摊业务方面，根据有关监管指引及在董事认为适当的情况下，取决于相关产品，将年内已到期风险保费净额的50%或75%，在一段时间内，预留作为风险储备。期内可自风险储备提取以应付超额申索。于各呈报期末，风险储备的未动用结余可拨回至保留溢利。

2.21. Insurance and other guarantee contracts

(a) Mortgage insurance contracts

The mortgage insurance business under the Mortgage Insurance Programme (**MIP**) of the Group is accounted for on the annual accounting basis. Under the annual accounting approach, the Group makes provisions based on credible estimates of future income and outgoings to determine the underwriting result for the current accounting period. The underwriting result includes any adjustments arising from the correction of the previous estimates.

Gross premiums represent direct business written through Authorized Institutions (**AIs**) as defined in accordance with the Banking Ordinance during an accounting period. The gross premiums after deduction of discounts and refunds, include the reinsurance premiums to be paid to the approved reinsurers, the risk premiums and servicing fees earned by the Group. The net premiums are recognised as income on a time-apportioned basis during the time the insurance coverage is effective.

Unearned premiums represent that portion of net premiums written which are estimated to relate to risks and services subsequent to the end of each reporting period.

Provisions are made for outstanding claims, claims incurred but not reported and loss reserve at the end of each reporting period. For risk-sharing business, 50% or 75% of the net risk premiums earned in a year depending on the respective product is set aside as a Contingency Reserve for a period of time in accordance with relevant regulatory guidelines and as considered appropriate by the directors. Withdrawals from the Contingency Reserve can be made to meet excess claims at any time during the period. At the end of the reporting period, the unutilised balance of the Contingency Reserve can be released to retained profits.

再保险合同指本集团与再保险公司订立的合约，据此本集团就本集团发出的一份或以上保险合同获赔偿损失。本集团根据再保险合同下所获利益，确认为再保险资产。该等资产包括从再保险公司可收回的申索及应收款项（根据有关再保险合同所预期的申索及利息）。从再保险公司可收回款项或应付再保险公司金额的计量均与再保险合同相关金额及每份再保险合同的条款一致。再保险资产主要为再保险合同的保费，并摊销作开支。

再保险资产初始确认后，倘若有关客观证据显示，本集团可能不会收回合约条款内的全数款项，而本集团从再保险公司之收回款项亦能准确计量，则会对该再保险资产减值。

已产生的佣金在收益表内确认。

(b) 其他担保和保险合同

本集团为合资格的中小企业（**中小企**）和非上市企业取得的贷款提供财务担保，并收取担保费；亦为长者的安老按揭贷款及保单逆按揭贷款，以及为资助房屋计划业主而设、主要用于补地价的一笔过贷款，提供保险保障，并收取保险保费。

Reinsurance contracts refer to contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more insurance contracts issued by the Group. Benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of claims recoverable from reinsurers and receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance assets are primarily premiums for reinsurance contracts and are amortised as an expense.

A reinsurance asset is impaired if there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset, that the Group may not receive all amounts due to it under the terms of the contract, and the impact on the amounts that the Group will receive from the reinsurer can be reliably measured.

Commissions are recognised in the income statement as incurred.

(b) Other guarantee and insurance contracts

The Group provides financial guarantees for loan facilities provided to eligible small and medium enterprises (**SMES**) and non-listed enterprises, in return for a guarantee fee, insurance coverage on reverse mortgage loans and policy reverse mortgage loans provided to elderly people, and on lump-sum loans provided to owners of properties of subsidised housing schemes primarily for land premium settlement, in return for an insurance premium.

根据有关监管指引及在董事认为适当的情况下，年内已满期的担保费的50%和保险保费的75%，在一段时间内，预留作为风险储备。期内可自风险储备提取款项以应付超额申索。于各呈报期末，风险储备的未动用结余可拨回至保留溢利。

就安老按揭贷款保险业务而言，本集团与再保险公司订立再保险合同。再保险合同指本集团与再保险公司订立的合约，据此本集团就本集团发出的一份或以上保险合同获赔偿损失。本集团根据再保险合同下所获利益，确定为再保险资产。再保险资产主要为再保险合约的保费，并摊销作开支。

再保险资产初始确认后，倘若有关客观证据显示，本集团可能不会收回合约条款内的全数款项，而本集团从再保险公司之收回款项亦能准确计量，则会对该再保险资产减值。

50% of the guarantee fee earned and 75% of the insurance premium earned in a year is set aside as a Contingency Reserve for a period of time in accordance with relevant regulatory guidelines and as considered by directors to be appropriate. Withdrawals from the Contingency Reserve can be made to meet excess claims at any time during the period. At the end of the reporting period, the unutilised balance of the Contingency Reserve can be released to retained profits.

In respect of insurance coverage on reverse mortgage loans, the Group entered into reinsurance contract with a reinsurer. Reinsurance contracts refer to contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more insurance contracts issued by the Group. Benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. Reinsurance assets are primarily premiums for reinsurance contracts and are amortised as an expense.

A reinsurance asset is impaired if there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset, that the Group may not receive all amounts due to it under the terms of the contract, and the impact on the amounts that the Group will receive from the reinsurer can be reliably measured.

(c) 人寿保险合同

保费于从年金受益人收到现金以及保单于所有承保程序完成后签发并生效时被确认为收入。

保险合约负债于订立合约及确认保费时确认。该等负债乃根据《保险业(长期负债厘定)规则》的规定为长期业务使用经修订净额保费估值法计算。于各呈报日，负债的变动记入收益表。

保险索赔反映年内产生的所有年金付款、退保、提取现金及身故赔偿等成本。退保、提取现金及身故赔偿按所收到的通知记录。年金付款于到期时记录。

本集团会根据当前合约的未来现金流量估算，在每个呈报期日评估其已确认的负债是否足够。如果评估显示其保险负债的帐面值不足够应付预计的未来现金流量，不足之数额在收益表中确认。

2.22.股息分配

于呈报期末后拟派或宣派的股息，当股东批准该股息时，会作为该时期的负债披露。

(c) Life insurance contracts

Premiums are recognised as income when the cash is received from the annuitant, and the policy is issued and becomes effective after the completion of all the underwriting procedures.

Insurance contract liabilities are recognised when contracts are entered into and premiums are recognised. These liabilities are measured by using the Modified Net Level Premium Valuation method for long term business in accordance with the provision of the Insurance (Determination of Long Term Liabilities) Rules. The movements in liabilities at each reporting date are recorded in the income statement.

Insurance claims reflect the cost of all annuity payments, surrenders, withdrawals and death claims arising during the year. Surrenders, withdrawals and death claims are recorded on the basis of notifications received. Annuity payments are recorded when due.

The Group will assess if its recognised liabilities are adequate on each reporting date, using the current estimates of future cash flows under these contracts. If the assessment shows that the carrying amount of its insurance liabilities are inadequate in the light of the estimated future cash flows, the shortfall shall be recognised in the income statement.

2.22.Dividend distribution

Dividend proposed or declared after the end of each reporting period is disclosed as a liability in the period in which the dividends are approved by shareholder.

3. 财务风险管理

3.1. 采用金融工具策略

本集团的主要业务为(i)购买按揭或贷款组合；(ii)透过发行债券为购买资产筹集资金；(iii)提供一个中央平台以支援小型贷款的运作；(iv)发展新设立的基建融资业务；(v)为参与的贷款机构所批出以香港住宅物业、人寿保单及其他资产(如适用)作抵押的按揭贷款及安老按揭贷款，提供按揭保险；(vi)受香港特别行政区政府(「政府」)委托经营一个为参与的认可机构借予合资格中小企及本地非上市企业的贷款提供担保的计划；及(vii)于或自香港提供终身年金产品。根据其性质，本集团业务主要使用金融工具包括现金、贷款、债务及衍生工具。

本集团的业务面对多种财务风险，该等业务涉及分析、评估、承担及管理一定程度的风险或风险组合。本集团于维持财务表现过程中审慎管理风险。

企业风险管理委员会乃于集团层面设立监督企业范围内的风险事项(包括财务及非财务风险)。各类风险的政策及限额由本公司各管理委员会(包括基建融资及证券化投资委员会、信贷委员会、资产负债管理委员会、交易核准委员会及营运风险管理委员会)监控及定期检讨，并向企业风险管理委员会报告。

3. Financial risk management

3.1. Strategy in using financial instruments

The major activities of the Group are (i) to purchase portfolios of mortgages or loans; (ii) to raise financing for its purchase of assets through issuance of debt securities; (iii) to operate a centralised microfinance platform to support microfinance loans; (iv) to develop new business initiative on infrastructure financing; (v) to provide mortgage insurance cover in respect of mortgage loans and reverse mortgage loans originated by participating lenders and secured on residential properties in Hong Kong, life insurance policies and other assets, if applicable; (vi) to operate a scheme for the Government of the Hong Kong Special Administrative Region (**Government**) providing guarantee on loans advanced by participating AIs to eligible SMEs and local non-listed enterprises; and (vii) to offer life annuity products in or from Hong Kong. By their nature, the Group's activities are principally related to the use of financial instruments including cash, loans, debts and derivatives.

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Group manages the risks in a prudent manner in sustaining the Group's financial performance.

The Corporate Risk Management Committee is set up at group level to provide oversight of the enterprise-wide risk matters including financial and non-financial risks. The policies and limits for various risks are monitored and reviewed regularly by various management committees of the Company, including Infrastructure Financing and Securitisation Investment Committee (**IFSIC**), Credit Committee, Asset and Liability Committee (**ALCO**), Transaction Approval Committee (**TAC**) and Operational Risk Committee (**ORC**) which report to the Corporate Risk Management Committee.

基建融资及证券化投资委员会对所有基建贷款投资进行监督及审批。信贷委员会监察资产收购及小型贷款计划的信贷政策及标准。资产负债管理委员会监察经董事局批准的市场风险管理及投资指引的执行情况。交易核准委员会负责根据最新市况及董事局批准的业务策略，深入分析业务交易的定价基础及风险。营运风险管理委员会负责确保所有运作部门，都采取有效的营运风险及内部监控机制。该委员会也会负责就运作部门在政策、监控和管理等运作事宜发生问题时，提供指引和解决方法。倘若有审核结果涉及营运风险和内部监控，该委员会会确保尽快采取恰当的纠正措施。此外，集团内部审核部负责独立审查本集团的内部监控系统。

本集团已成立长寿风险委员会以管理本集团所承担的长寿风险。其职责包括批准长寿风险管理政策和对冲交易，以及检讨本集团所取得的长寿经验及其承担的风险。其亦监测及分析整体趋势、科技变化及其对人类寿命的影响。

就一般保险业务而言，香港按证保险有限公司（**按证保险公司**）已成立风险委员会，其作为独立监督委员会，负责协助其董事会监督风险管理架构的实施及管理按证保险公司所面临的所有风险。至于香港年金有限公司（**香港年金公司**），则成立风险委员会以管理全企业的风险事宜，包括财务及非财务风险。

最重要的风险类型为信贷风险、市场风险（包括货币风险、利率风险及股票价格风险）、流动资金风险及保险风险。

The IFSIC executes oversight and approval authority over all investments in infrastructure loans. The Credit Committee oversees the credit policies and standards for asset acquisition and Microfinance Scheme. The ALCO oversees the implementation of market risk management and investment guidelines approved by the Board of Directors. The TAC conducts an in-depth analysis of pricing economics and associated risks for business transactions, whilst taking into consideration the latest market conditions and business strategies approved by the Board. The ORC is responsible for ensuring that all business entities and line functions maintain an effective operational risk and internal control framework. The ORC is also responsible for providing directions and resolving issues related to policies, controls and management of operational issues referred to by line functions, as well as ensuring prompt and appropriate corrective action in response to audit findings related to operational risks or internal controls. In addition, Group Internal Audit Department is responsible for the independent review of the internal control systems of the Group.

The Group established Longevity Risk Committee to manage longevity risk of the Group. Its duties include approving longevity risk management policies and hedging transactions and reviewing longevity experiences and exposures of the Group. It also monitors and analyses the general trend, technological changes and their implications for human longevity.

In respect of general insurance business, a Risk Committee is established by HKMC Insurance Limited (**HKMCI**) as an independent oversight committee to assist its Board to oversee implementation of risk management framework and manage all risks faced by the HKMCI. For HKMC Annuity Limited (**HKMCA**), a Risk Committee is established to manage the enterprise-wide risk matters, including financial and non-financial risks.

The most important types of risks are credit risk, market risk which includes currency risk, interest rate risk and equity price risk, liquidity risk and insurance risk.

3.2. 信贷风险

本集团主要金融资产为其现金及短期资金、证券投资、外汇基金存款及贷款组合。流动资金及证券投资的信贷风险有限，因为交易对手主要是主权国、半主权国机构、银行及公司，其信贷评级须符合按照董事局批准的投资指引的最低要求。香港年金公司及按证保险公司的资本及香港年金公司保费收入存放于香港金融管理局（**香港金管局**）管理的外汇基金。由于交易对手为政府，故外汇基金存款的信贷风险非常有限。

本集团的信贷风险主要来自其贷款组合，即借款人于款项到期时未能全数偿还的风险。因此本集团就管理信贷风险订下审慎政策。

为维持资产组合的素质，本集团采取审慎风险管理框架：(i) 按既定准则挑选核准卖方；(ii) 采取审慎的资产购买准则；(iii) 进行有效及深入的尽职审查程序；(iv) 实行健全的项目架构及融资文件记录；(v) 持续监察及审查制度；及(vi) 确保较高风险的资产或交易有足够的保障。

本集团尤其注重对问题贷款进行持续信贷审查。业务部门将监控该等贷款，并尽力为收回款项采取如与借款人制定宽减计划从而加强贷款回收力度。根据信贷委员会批准的指引为贷款定期进行减值评估，减值拨备亦于收益表扣除。

3.2. Credit risk

The Group's principal financial assets are its cash and short-term funds, investment securities, placements with the Exchange Fund and loan portfolio. The credit risk on liquid funds and investment securities is limited because the credit ratings of the counterparties, mainly sovereigns, quasi-sovereign agencies, banks and companies, should meet the minimum requirement in accordance with the investment guidelines approved by the Board of Directors. The capital of the HKMCA and the HKMCI as well as premium receipts of the HKMCA are placed with the Exchange Fund managed by the Hong Kong Monetary Authority (**HKMA**). The credit risk on the placements with the Exchange Fund is very limited as it is exposure to the Government.

The Group's credit risk is primarily attributable to its loan portfolio, which is the risk that a loan borrower will be unable to pay amounts in full when due. The Group therefore has a prudent policy for managing its exposure to credit risk.

To maintain the quality of the asset portfolios, the Group adheres to a prudent risk management framework to (i) select Approved Sellers with established criteria, (ii) adopt prudent asset purchasing criteria, (iii) conduct effective and in-depth due diligence reviews, (iv) implement robust project structures and financing documentation, (v) perform an ongoing monitoring and reviewing mechanism, and (vi) ensure adequate protection for higher-risk assets or transactions.

The Group undertakes ongoing credit review with special attention paid to problem loans. Operation units will monitor these loans and take recovery action such as establishing relief plan with borrowers in order to maximise recoveries. Loan impairment assessment is performed regularly and impairment allowance is charged to income statement in accordance with the guidelines approved by the Credit Committee.

抵押品及其他信贷安排加强措施

本集团已实施关于接受用以减低信贷风险的特定类别的抵押品的指引。该等指引定期进行检讨。

贷款组合

按揭贷款组合的主要抵押品类型包括位于香港的物业及递延代价(附注24)。至于融资租约应收帐款的抵押品类型包括的士和公共小巴牌照。按揭贷款组合和融资租约应收帐款一般有充足的抵押。目前物业抵押品的价值是以公开指数按组合基础而确定。基建贷款组合的主要抵押品类型包括借款人资产的抵押权益及转让主要项目合约文件及／或银行帐户的押记，惟实际抵押品因应不同项目而异。至于小型贷款，一般并不寻求抵押品。

银行定期存款、证券投资及外汇基金存款

银行定期存款一般不寻求抵押，因为其交易对手的性质，和短期内到期，故被视为低风险。证券投资及外汇基金存款一般没有抵押。

Collateral and other credit enhancements

The Group has implemented guidelines on the acceptability of specific classes of collateral on credit risk mitigation, which are subject to regular review.

Loan portfolio

The principal collateral types for mortgage portfolio mainly consist of properties located in Hong Kong and the deferred consideration (Note 24). For finance lease receivable, the collateral types include taxi and public light bus licenses. Mortgage portfolio and finance lease receivable are generally fully secured by collateral. The current collateral value of properties is determined with the use of public indices on a portfolio basis. The principal collateral types for infrastructure loan portfolio mainly consist of security interests in the assets of the borrowers and assignment of key project documents and/or charge over bank accounts but the actual security varies projects to projects. For microfinance loans, no collateral is generally sought.

Time deposits with banks, investment securities and placements with the Exchange Fund

Collaterals are generally not sought for time deposits with banks as the exposures are considered to be low risk due to the nature of the counterparties and short term maturity. Investment securities and placements with the Exchange Fund are generally unsecured.

衍生金融工具

本集团与所有衍生工具之交易对手签订国际掉期及衍生工具协会主协议。按照该协议，倘若其中一方出现违约事件，另一方可以净额结算所有未平仓的金额。本集团亦跟其主要交易对手，与主协议同时执行信贷支持附件。根据信贷支持附件，双方可以透过转移抵押品，减轻未平仓时存在的交易对手风险。

至于金融工具，如衍生工具，本集团按照投资指引及信贷风险政策所制定的交易对手风险限额予以监察。交易对手风险限额由信贷风险委员会每年定期检讨。无论于何时，交易对手风险的上限为对本集团有利的工具（即公平值为正数的资产）的现有公平值，就衍生工具而言，公平值仅占合约价值或用于反映未平仓工具数量的估算价值的小部分。交易对手风险作为交易对手整体信贷限额的一部分，与市场波动的潜在风险一并管理。

按揭保险合同、其他担保和保险合同

详情在附注3.5披露。

结算风险存在于任何以现金、证券或股票支付并期望收取相应现金、证券或股票的情况。为涵盖本集团于任何单一日期因市场交易产生的所有结算风险的总额，对每名交易对手均设有每日结算限额。

Derivative financial instruments

The Group enters into International Swaps and Derivatives Association master agreement with all counterparties for derivative transactions where each party will be able to settle all outstanding amounts on a net basis in the event of default of the other party. The Group also executed Credit Support Annex (**CSA**) with its major counterparties in conjunction with the master agreement. Under CSA, collateral is passed between the parties to mitigate the counterparty risk inherent in outstanding positions.

For financial instruments such as derivatives, exposures are monitored against counterparty risk limits established in accordance with the investment guidelines and credit risk policy of the Group. These counterparty risk limits are subject to regular review by the Credit Committee on an annual basis. At any one time, the amount subject to counterparty risk is limited to the current fair value of instruments favourable to the Group (i.e. assets with positive fair value), which in relation to derivatives is only a small fraction of the contract, or notional values used to express the volume of instruments outstanding. This counterparty risk exposure is managed as part of the overall credit limits with counterparties, together with potential exposures from market movements.

Mortgage insurance contracts, other guarantee and insurance contracts

The details are disclosed in Note 3.5.

Settlement risk arises in any situation where a payment in cash, securities or equities is made in the expectation of a corresponding receipt in cash, securities or equities. Daily settlement limits are established for each counterparty to cover the aggregate of all settlement risk arising from the Group's market transactions on any single day.

预期信贷亏损计量

就金融资产而言，将应用下述信贷风险模型：

本集团于初始确认资产时，评估其违约率，以及于各呈报期持续评估信贷风险是否有明显增加。为评估信贷风险有否明显增加，本集团将资产于呈报日的违约风险与资产于初始确认时的违约风险进行比较。评估考虑可用合理及辅助性前瞻资料，并纳入下述指标：

- 外部信贷评级(尽可能取得)；
- 业务、财务或经济状况的实际或预期重大不利变动，而预期对借款人履行责任的能力构成重大改变；
- 相同借款人的其他金融工具的信贷风险明显增加；
- 支持其责任的抵押品价值或第三方担保或信贷安排加强措施的质素发生重大变动；及
- 借款人预期表现及行为的重大变动，包括该组合内借款人付款状况变动及借款人财务状况变动。

Expected credit loss (ECL) measurement

For financial assets, the following credit risk modelling applies:

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information with the following indicators incorporated:

- External credit rating (as far as available);
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- Significant increases in credit risk on other financial instruments of the same borrower;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the financial conditions of the borrower.

本集团采用三阶段方法计量贷款组合、现金及短期资金以及按摊销成本入帐及以公允价值变化计入其他全面收益的证券投资的预期信贷亏损，金融资产自初始确认后根据信贷质素的变化按以下三个阶段进行转移：

第一阶段：12个月预期信贷亏损

对于初始确认后信贷风险未显著增加及于产生时未出现信贷减值的其预期年限信贷亏损中与未来12个月内发生的违约率相关的亏损部分被确认。

第二阶段：预期年限信贷亏损 — 未发生信贷减值

对于信贷风险，自初始确认后信贷风险显著增加但未发生信贷减值，则确认预期年限信贷亏损。

第三阶段：预期年限信贷亏损 — 信贷减值

当一项或多项事件对金融资产的估计未来现金流量产生不利影响时，该资产即评估为发生信贷减值。对于发生信贷减值的金融资产，确认预期年限信贷亏损，其利息收入的计算按应用实际利率于摊销成本(扣除减值拨备)而非帐面总值来计算。

预期信贷亏损源自不偏不倚和概率加权估计的预期亏损。预期信贷亏损的金额使用减值拨备帐确认，此帐户中的变动计入损益表。

A three-stage approach to measuring ECLs is applied on loan portfolio, cash and short-term funds and investment securities accounted for at amortised cost and FVOCI. Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

Stage 1: 12-month ECLs

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

Stage 2: Lifetime ECLs — not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.

Stage 3: Lifetime ECLs — credit impaired

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognised and interest income is calculated by applying the effective interest rate to the amortised cost (net of impairment provision) rather than the gross carrying amount.

ECLs are derived from unbiased and probability-weighted estimates of expected loss. The amount of the ECLs is recognised using an impairment allowance account with the movement in this account charged to income statement.

于初始确认时，需要为未来12个月内可能发生的违约事件导致的预期信贷亏损（**12个月预期信贷亏损**）计提减值拨备。于各呈报日，本集团通过比较呈报日与初始确认日之间预期年期发生的违约风险，评估自初始确认后金融资产的信贷风险是否显著增加。倘信贷风险大幅增加，则需要为金融资产的预期年期内所有可能发生的违约事件（**预期年限信贷亏损**）均计提减值拨备。如在随后的一段时间内，信贷质量得到改善并扭转自初始确认以来任何先前评估的信贷风险显著增加，减值拨备则将从预期年限信贷亏损恢复为12个月预期信贷亏损。

倘并无合理预期可收回，例如债务人未能与本集团订立还款计划，该金融资产将予以注销。在所有必要程序基本完成并且已确定亏损金额后，贷款将予以注销。在注销贷款的情况下，本集团继续进行强制执行活动以尝试收回到期应收款项。倘收回有关款项，则在损益中确认。

应收利息及汇款、预付款项、按金及其他资产亦须遵守香港财务报告准则第9号的减值规定，而已识别减值拨备并不重大。

At initial recognition, impairment allowance is required for ECLs resulting from default events that are possible within the next 12 months (**12-month ECLs**). At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. In the event of a significant increase in credit risk, impairment allowance is required from all possible default events over the expected life of the financial assets (**Lifetime ECLs**). If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the impairment allowance reverts from lifetime ECLs to 12-month ECLs.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Loans are written off after all the necessary procedures have substantially been completed and the amount of the loss has been determined. Where loans have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Interest and remittance receivables, prepayments, deposits and other assets are also subject to the impairment requirements of HKFRS 9, and the identified impairment allowance was immaterial.

(a) 贷款组合

本集团将贷款按其信贷风险分为三类，以及如何确定各类别的贷款亏损拨备。

本集团预期信贷亏损贷款模型的假设概述如下：

(a) Loan portfolio

The Group uses three categories for loans which reflect their credit risk and how the loan loss provision is determined for each of those categories.

A summary of the assumptions underpinning the Group's ECL model on loans is as follows:

类别 Category	类别的定义 Definition of category	确认预期信贷亏损拨备的基础 Basis for recognition of ECL provision
第一阶段 Stage 1	借款人违约风险较低，并有足够能力履行合约现金流量。 Borrowers have a low risk of default and a strong capacity to meet contractual cash flows.	12个月预期信贷亏损（如资产的预期年期少于12个月，则预期亏损按其预期年期计量。） 12-month ECLs (Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.)
第二阶段 Stage 2	贷款的信贷风险大幅增加；如利息及 / 或本金还款逾期超过30天，则假定为信贷风险显著增加。 Loans for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are more than 30 days past due.	预期年限信贷亏损—未发生信贷减值 Lifetime ECLs — not credit impaired
第三阶段 Stage 3	利息及 / 或本金还款逾期90天、借款人破产或收回物业。 Interest and/or principal repayments are 90 days past due, borrowers with bankruptcy or properties repossessed.	预期年限信贷亏损—信贷减值 Lifetime ECLs — credit impaired
注销 Write-off	并无合理预期可收回逾期利息及 / 或本金还款。 There is no reasonable expectation of recovery on the delinquent interest and/or principal repayments.	注销资产 Asset is written off

然而，在若干情况下，本集团对所持有的任何信贷安排加强措施前，内部或外部资料显示本集团不可能全数收取未偿还合约金额时，本集团将贷款视作违约。

在贷款期限内，本集团及时为预期信贷亏损作适当拨备，以应对其信贷风险。在计算预期信贷亏损率时，本集团考虑每类贷款组合的历史亏损率，并以前瞻性宏观经济数据作出调整。

下表载有已确认减值拨备的贷款组合的信贷风险分析。

However, in certain cases, the Group will also consider a loan to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any enhancements held by the Group.

Over the term of the loans, the Group accounts for its credit risk by appropriately providing for ECLs on a timely basis. In calculating the ECL rates, the Group considers historical loss rates for each category of loan portfolio, and adjusts for forward-looking macroeconomic data.

The following table contains an analysis of the credit risk exposure of loan portfolio for which impairment allowance is recognised.

		第一阶段 Stage 1	第二阶段 Stage 2	第三阶段 Stage 3	总额 Total
于二零一九年十二月三十一日 As at 31 December 2019		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
帐面总值	Gross carrying amount	6,917,554	8,167	3,912	6,929,633
减值拨备	Impairment allowance	(813)	–	(775)	(1,588)
帐面值	Carrying amount	6,916,741	8,167	3,137	6,928,045

		第一阶段 Stage 1	第二阶段 Stage 2	第三阶段 Stage 3	总额 Total
于二零一八年十二月三十一日 As at 31 December 2018		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
帐面总值	Gross carrying amount	6,435,587	1,615	5,528	6,442,730
减值拨备	Impairment allowance	(47)	(151)	(468)	(666)
帐面值	Carrying amount	6,435,540	1,464	5,060	6,442,064

于二零一九年十二月三十一日
的贷款组合减值拨备与期初减
值拨备之对帐如下：

The impairment allowance for loan portfolio as at 31
December 2019 reconciles to the opening impairment
allowance as follows:

		第一阶段 Stage 1 千港元 HK\$'000	第二阶段 Stage 2 千港元 HK\$'000	第三阶段 Stage 3 千港元 HK\$'000	总额 Total 千港元 HK\$'000
于二零一八年一月一日	Impairment allowance as at 1 January 2018	5	–	383	388
阶段转移所产生的减值计量 净额	Net measurement of impairment arising from transfer of stage	–	485	516	1,001
因信贷风险变动而产生的变动	Movement due to changes in credit risk	42	–	–	42
收回未撤销贷款	Recoveries of loans not written-off	–	(8)	(135)	(143)
		42	477	381	900
转移至第三阶段	Transfer to stage 3	–	(326)	326	–
注销	Write-offs	–	–	(622)	(622)
于二零一八年十二月三十一日	Impairment allowance as at 31 December 2018 (Note 17)	47	151	468	666
已购买的贷款	Loans purchased	703	–	–	703
阶段转移所产生的减值计量 净额	Net measurement of impairment arising from transfer of stage	–	285	491	776
因信贷风险变动而产生的变动	Movement due to changes in credit risk	63	–	–	63
收回未撤销贷款	Recoveries of loans not written-off	–	(22)	(134)	(156)
		766	263	357	1,386
转移至第三阶段	Transfer to stage 3	–	(414)	414	–
注销	Write-offs	–	–	(464)	(464)
于二零一九年十二月三十一日	Impairment allowance as at 31 December 2019 (Note 17)	813	–	775	1,588
贷款减值拨备	Charge of loan impairment allowance	766	263	357	1,386
收回及拨回已注销贷款	Recoveries and release of loans previously written-off	–	–	(472)	(472)
于损益确认的减值拨备/ (回拨) 总额 (附注 12)	Total charge/(write-back) of impairment allowance recognised in profit or loss (Note 12)	766	263	(115)	914

(b) 现金及短期资金

于二零一九年十二月三十一日的现金及短期资金减值拨备与期初减值拨备对帐如下：

(b) Cash and short-term funds

The impairment allowance for cash and short-term funds as at 31 December 2019 reconciles to the opening impairment allowance as follows:

		千港元 HK\$'000
于二零一八年一月一日的减值拨备	Impairment allowance as at 1 January 2018	1,041
期内于损益确认的减值拨备变动	Change in the impairment allowance recognised in profit or loss during the period	(95)
于二零一八年十二月三十一日的减值拨备(附注14)	Impairment allowance as at 31 December 2018 (Note 14)	946
期内于损益确认的减值拨备变动(附注12)	Change in the impairment allowance recognised in profit or loss during the period (Note 12)	53
于二零一九年十二月三十一日的减值拨备(附注14)	Impairment allowance as at 31 December 2019 (Note 14)	999

根据经批准的投资指引，本集团仅可存款于发钞银行或达到特定最低信贷评级的银行。

According to the approved investment guidelines, the Group can only place deposits with note-issuing banks or banks with a certain minimum credit rating.

本集团已建立一个拨备矩阵，该矩阵基于每个交易对手的外部信用评级及相应的过往信贷亏损纪录，并根据前瞻性宏观经济数据进行调整，以确定减值拨备的预期信贷亏损。

The Group has established a provision matrix that is based on the external credit rating of each counterparty and the corresponding historical credit loss experience, adjusted for forward-looking macroeconomic data to determine the ECLs for impairment allowance.

鉴于所有存款银行均获评级机构评为投资级别，所有该等金融资产均被视为低风险，因此期内确认的减值拨备仅限于12个月预期信贷亏损。

All of these financial assets are considered to be low risk in view of all deposit banks are rated at investment grade by rating agencies, and thus the impairment allowance recognised during the period was limited to 12-month ECLs.

于二零一九年十二月三十一日及二零一八年十二月三十一日，可接受的最低短期信贷评级为A-2(标准普尔)、P-2(穆迪)和F-2(惠誉)。

As at 31 December 2019 and 31 December 2018, the minimum acceptable short-term credit ratings are A-2 (Standard and Poor's), P-2 (Moody's) and F-2 (Fitch).

(c) 证券投资

根据经批准的投资指引，本集团仅可投资于达到特定最低信贷评级的债务证券。资产负债管理委员会对按评级划分的投资进行监察及检讨。

根据外部信贷机构的评级（标准普尔、穆迪及惠誉），下列为呈报期末债务证券按评定级别的分析。如证券本身没有特定的发行评级，则采用证券发行人的评级呈报。

(c) Investment securities

According to the approved investment guidelines, the Group can only invest in debt securities with a certain minimum credit rating. The proportion of investments according to rating categories is monitored and reviewed by ALCO.

The table below presents an analysis of debt securities by rating classification as at the end of the reporting period, based on external credit agency's ratings (Standard and Poor's, Moody's and Fitch). In the absence of issue-specific ratings, the ratings for the issuers are reported.

		以公允价值计入 其他全面收益的 证券投资 Investment securities at FVOCI 千港元 HK\$'000	按摊销成本 列帐的证券投资 Investment securities at amortised cost 千港元 HK\$'000	总额 Total 千港元 HK\$'000
于二零一九年十二月三十一日 As at 31 December 2019				
AAA/Aaa	AAA/Aaa	-	527,608	527,608
AA-至AA+/Aa3至Aa1	AA- to AA+/Aa3 to Aa1	2,797,417	2,375,913	5,173,330
A-至A+/A3至A1	A- to A+/A3 to A1	2,122,985	8,898,533	11,021,518
无评级 [#]	Unrated [#]	-	233,907	233,907
总额	Total	4,920,402	12,035,961	16,956,363

[#] 无评级的按摊销成本列帐的证券投资是指于接近二零一九年年底被评级机构因商业理由而撤销所有评级的债务证券。由于有关债务证券不再符合投资指引下的最低信贷评级规定，故本集团已于二零二零年一月有序地出售有关债务证券，而并无产生亏损。

[#] The unrated investment security at amortised cost referred to a debt securities where all of the credit ratings were withdrawn by the credit rating agencies close to the year-end of 2019 for commercial reasons. Since the debt securities was no longer fulfilled the minimum credit rating requirements under the investment guidelines, the Group had orderly disposed the debt securities by January 2020 without incurrence of loss.

		以公允价值变化计入 其他全面收益的 证券投资 Investment securities at FVOCI 千港元 HK\$'000	按摊销成本 列帐的证券投资 Investment securities at amortised cost 千港元 HK\$'000	总额 Total 千港元 HK\$'000
于二零一八年十二月三十一日 As at 31 December 2018				
AAA/Aaa	AAA/Aaa	30,105	711,904	742,009
AA- 至 AA+/Aa3 至 Aa1	AA- to AA+/Aa3 to Aa1	3,069,211	2,826,744	5,895,955
A- 至 A+/A3 至 A1	A- to A+/A3 to A1	1,992,348	8,009,627	10,001,975
总额	Total	5,091,664	11,548,275	16,639,939

下表载有已确认减值拨备的证
券投资的信贷风险分析。

The following table contains an analysis of the credit
risk exposure of investment securities for which
impairment allowance is recognised.

		第一阶段 Stage 1 千港元 HK\$'000	第二阶段 Stage 2 千港元 HK\$'000	第三阶段 Stage 3 千港元 HK\$'000	总额 Total 千港元 HK\$'000
于二零一九年十二月三十一日 As at 31 December 2019					
帐面总值	Gross carrying amount				
— 以公允价值变化计入其他 全面收益	— FVOCI	4,920,402	—	—	4,920,402
— 按摊销成本列帐	— amortised cost	12,035,961	—	—	12,035,961
减值拨备	Impairment allowance				
— 按摊销成本列帐	— amortised cost	(1,455)	—	—	(1,455)
帐面值	Carrying amount				
— 以公允价值变化计入其他 全面收益	— FVOCI	4,920,402	—	—	4,920,402
— 按摊销成本列帐	— amortised cost	12,034,506	—	—	12,034,506
		16,954,908	—	—	16,954,908

		第一阶段 Stage 1 千港元 HK\$'000	第二阶段 Stage 2 千港元 HK\$'000	第三阶段 Stage 3 千港元 HK\$'000	总额 Total 千港元 HK\$'000
于二零一八年十二月三十一日 As at 31 December 2018					
帐面总值	Gross carrying amount				
— 以公允价值变化计入其他 全面收益	— FVOCI	5,091,664	—	—	5,091,664
— 按摊销成本列帐	— amortised cost	11,548,275	—	—	11,548,275
减值拨备	Impairment allowance				
— 按摊销成本列帐	— amortised cost	(1,442)	—	—	(1,442)
帐面值	Carrying amount				
— 以公允价值变化计入其他 全面收益	— FVOCI	5,091,664	—	—	5,091,664
— 按摊销成本列帐	— amortised cost	11,546,833	—	—	11,546,833
		16,638,497	—	—	16,638,497

于二零一九年十二月三十一日
的证券投资减值拨备与期初减
值拨备之对帐如下：

The impairment allowance for investment securities
as at 31 December 2019 reconciles to the opening
impairment allowance as follows:

		第一阶段 Stage 1 千港元 HK\$'000	第二阶段 Stage 2 千港元 HK\$'000	第三阶段 Stage 3 千港元 HK\$'000	总额 Total 千港元 HK\$'000
于二零一八年一月一日的 减值拨备	Impairment allowance as at 1 January 2018				
— 以公允价值变化计入其他 全面收益	— FVOCI	506	—	—	506
— 按摊销成本列帐	— amortised cost	1,245	—	—	1,245
期内于损益确认的减值拨备 变动	Change in the impairment allowance recognised in profit or loss during the period				
— 以公允价值变化计入其他 全面收益	— FVOCI	14	—	—	14
— 按摊销成本列帐	— amortised cost	197	—	—	197
于二零一八年十二月 三十一日的减值拨备	Impairment allowance as at 31 December 2018				
— 以公允价值变化计入其他 全面收益	— FVOCI	520	—	—	520
— 按摊销成本列帐 (附注 18(c))	— amortised cost (Note 18(c))	1,442	—	—	1,442
期内于损益确认的减值拨备 变动	Change in the impairment allowance recognised in profit or loss during the period				
— 以公允价值变化计入其他 全面收益	— FVOCI	(46)	—	—	(46)
— 按摊销成本列帐	— amortised cost	13	—	—	13
于二零一九年十二月 三十一日的减值拨备	Impairment allowance as at 31 December 2019				
— 以公允价值变化计入其他 全面收益	— FVOCI	474	—	—	474
— 按摊销成本列帐 (附注 18(c))	— Amortised cost (Note 18(c))	1,455	—	—	1,455

(i) 按摊销成本列帐的证券投资

按摊销成本列帐的证券投资包括上市及非上市债务证券。于二零一九年十二月三十一日的按摊销成本列帐的证券投资减值拨备与期初减值拨备对帐如下：

		千港元 HK\$'000
于二零一八年一月一日的减值拨备	Impairment allowance as at 1 January 2018	1,245
期内于损益确认的减值拨备变动	Change in the impairment allowance recognised in profit or loss during the period	197
于二零一八年十二月三十一日的减值拨备(附注 18(c))	Impairment allowance as at 31 December 2018 (Note 18(c))	1,442
期内于损益确认的减值拨备变动(附注 12)	Change in the impairment allowance recognised in profit or loss during the period (Note 12)	13
于二零一九年十二月三十一日的减值拨备(附注 18(c))	Impairment allowance as at 31 December 2019 (Note 18(c))	1,455

本集团已建立一个拨备矩阵，该矩阵基于每个交易对手的外部信用评级及相应的过往信贷亏损纪录，并根据前瞻性宏观经济数据进行调整，以确定减值拨备的预期信贷亏损。

所有按摊销成本列帐的证券投资的信贷风险于二零一九年十二月三十一日被视作并无大幅增加，因此截至二零一九年十二月三十一日止年度确认的减值拨备仅限于12个月的预期信贷亏损。

(i) Investment securities at amortised cost

Investment securities at amortised cost include listed and unlisted debt securities. The impairment allowance on investment securities at amortised cost as at 31 December 2019 reconciles to the opening impairment allowance as follows:

The Group has established a provision matrix that is based on the external credit rating of each counterparty and the corresponding historical credit loss experience, adjusted for forward-looking macroeconomic data to determine the ECLs for impairment allowance.

All of these investment securities carried at amortised cost are considered no significant increase in credit risk as at 31 December 2019, and thus the impairment allowance recognised during the year ended 31 December 2019 was limited to 12-months ECLs.

(ii) 以公允价值变化计入其他全面收益的证券投资

以公允价值变化计入其他全面收益的证券投资包括上市及非上市债务证券。于二零一九年十二月三十一日的以公允价值变化计入其他全面收益的证券投资减值拨备与期初减值拨备对帐如下：

		千港元 HK\$'000
于二零一八年一月一日的减值拨备	Impairment allowance as at 1 January 2018	506
期内于损益确认的减值拨备变动	Change in the impairment allowance recognised in profit or loss during the period	14
于二零一八年十二月三十一日于其他全面收益确认的减值拨备	Impairment allowance recognised in OCI as at 31 December 2018	520
期内于损益确认的减值拨备变动(附注12)	Change in the impairment allowance recognised in profit or loss during the period (Note 12)	(46)
于二零一九年十二月三十一日于其他全面收益确认的减值拨备	Impairment allowance recognised in OCI as at 31 December 2019	474

本集团已建立一个拨备矩阵，该矩阵基于每个交易对手的外部信用评级及相应的过往信贷亏损纪录，并根据前瞻性宏观经济数据进行调整，以确定减值拨备的预期信贷亏损。

鉴于所有以公允价值变化计入其他全面收益的证券投资均获评级机构评为投资级别，所有该等金融资产均被视为低风险，因此期内确认的减值拨备仅限于12个月的预期信贷亏损。

(ii) Investment securities at FVOCI

Investment securities at FVOCI include listed and unlisted debt securities. The impairment allowance on investment securities at FVOCI as at 31 December 2019 reconciles to the opening impairment allowance as follows:

The Group has established a provision matrix that is based on the external credit rating of each counterparty and the corresponding historical credit loss experience, adjusted for forward-looking macroeconomic data to determine the ECLs for impairment allowance.

All of these financial assets are considered to be low risk in view of all investment securities at FVOCI are rated at investment grade by rating agencies, and thus the impairment allowance recognised during the period was limited to 12-month ECLs.

- (d) 未计所持有抵押品或其他信贷安排加强措施的最高信贷风险分析如下：

本集团金融资产最高信贷风险与其帐面总额相等。在未计再保险安排下，本集团资产负债表外的最高信贷风险分析如下：

- (d) Maximum exposures to credit risk before taking into account of collateral held or other credit enhancements are analysed as follows:

The maximum exposures to credit risk of the financial assets of the Group are equal to their gross carrying amounts. The maximum exposures to credit risk of the off-balance sheet exposures of the Group before taking into account of reinsurance arrangements are as follows:

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
风险投保总额	Total risk-in-force		
— 按揭保险业务	— mortgage insurance business	27,884,364	23,736,830
— 其他担保及保险业务	— other guarantee and insurance business	12,510,343	9,644,703
		40,394,707	33,381,533

- (e) 减值贷款

- (e) Impaired loans

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
减值贷款组合总额	Gross impaired loan portfolio	775	468
有关垫款的贷款减值拨备	Allowance for loan impairment in respect of such advances		
— 第三阶段	— stage 3	(775)	(468)
		—	—

于二零一九年十二月三十一日及二零一八年十二月三十日，本集团概无就减值贷款持有抵押品。

There was no collateral held for impaired loans of the Group as at 31 December 2019 and 31 December 2018.

(f) 收回物业

本集团收回作为担保的抵押品的资产。

收回物业将在实际可行情况下尽快出售，所得款项用于减少未偿还债项。收回物业于财务状况表内归类于「其他资产」项目下。如果在偿还债务后尚有剩余款项，将根据适用的法律，分配给资产的受益人。

3.3. 市场风险

本集团承担的市场风险是指金融工具的公平值或未来现金流量因市价变动而波动的风险。市场风险乃因利率、货币及股票产品的未平仓合约而产生。所有该等合约均面对一般及特定市场变动及市场比率或市价（如利率、信贷差、汇率及股价）波动水平变动的风险。本集团所面对市场风险主要来自对公司具有不同价格重订特性的金融工具的利率管理而产生，或者是以外币定价的金融工具的净风险。本集团亦采用公平值对冲，透过利率掉期对冲发行定息债券大部分现有利率风险，将浮息资金与浮息资产作出更好配对。本集团亦采用跨货币掉期，分别用作公平值对冲和经济对冲，藉以对冲以外币定价发行的债券及资产的净风险。

(f) Repossessed properties

The Group obtained assets by taking possession of collateral held as security.

Reposessed properties are sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness and are classified in the statement of financial position within "Other assets". If excess funds arise after repayment of the outstanding indebtedness, they are distributed to the beneficiaries of the assets under the applicable laws.

3.3. Market risk

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. The Group's exposures to market risk primarily arise from the interest rate management of the entity's financial instruments of different repricing characteristics, or from the net exposure of the foreign currency denominated financial instruments. The Group hedges a major proportion of its existing interest rate risk of the fixed-rate bond issuance using fair value hedges in the form of interest rate swaps by swapping into floating-rate funding to better match the floating-rate assets. The Group also hedges the net exposure of the foreign-currency denominated debts issued and assets by the use of cross-currency swaps as fair value hedges and economic hedges respectively.

市场风险主要由库务部采用董事局批准的风险限额进行管理。关于利率风险管理、融资、对冲、投资的策略由资产负债管理委员会制定。该委员会定期举行会议对金融市场及资产负债组合的近期状况进行检讨。库务部负责监察金融市场变动以及根据资产负债管理委员会制定的策略在现金、衍生工具、债务和投资市场执行交易。中台部门监察对风险限额的遵守情况及进行压力测试以评估在极端状况下可能产生的亏损规模。压力测试结果由资产负债管理委员会进行检讨。

利率风险管理主要指对利息收入净额对不同利率的敏感度进行监察，并通过对冲措施减低不利影响。利率曲线于二零一九年十二月三十一日平行下移20个基点，将使未来12个月的利息收入净额增加约200万港元（二零一八年：减少100万港元）。类似的平行上移，将使未来12个月的利息收入净额减少约200万港元（二零一八年：增加100万港元）。

于二零一九年十二月三十一日，如该日利率平行下移20个基点，年内溢利将增加约900万港元（二零一八年：减少100万港元），于二零一九年十二月三十一日的公平值储备增加约1,000万港元（二零一八年：400万港元）。如利率平行上移20个基点，年内溢利将减少800万港元（二零一八年：增加100万港元），而公平值储备将下调约1,000万港元（二零一八年：400万港元）。

于二零一九年十二月三十一日，在所有其他可变因素保持不变的情况下，如港元兑美元汇率下跌100点子，年内溢利将增加约1,400万港元（二零一八年：2,000万港元）。反之，如港元兑美元汇率上升100点子，则年内溢利将减少约1,400万港元（二零一八年：2,000万港元）。

The management of market risk is principally undertaken by the Treasury Department using risk limits approved by the Board of Directors. Strategies on interest rate risk management, financing, hedging, investments are formulated by ALCO. Regular meetings are held to review the latest conditions in the financial markets and the asset-liability portfolio mix. The Treasury Department is responsible for monitoring financial market movements and executing transactions in the cash, derivatives, debt and investment markets in accordance with the strategies laid down by ALCO. The middle office monitors the compliance of risk limits and performs stress tests to assess the potential size of losses that could arise in extreme conditions. The results of the stress tests are reviewed by ALCO.

A principal part of the interest rate risk management is to monitor the sensitivity of projected net interest income under different interest rate scenarios and to mitigate the negative impact through hedging operations. A 20 basis points parallel downward shift of the interest rate curve as at 31 December 2019 would increase the future net interest income for the next twelve months by around HK\$2 million (2018: HK\$1 million decrease) and decrease by around HK\$2 million (2018: HK\$1 million increase) for a similar upward parallel shift.

As at 31 December 2019, if interest rates at that date had experienced a 20 basis points parallel shift downwards, profit for the year would have been higher by around HK\$9 million (2018: HK\$1 million lower) and the fair value reserve would have been higher by around HK\$10 million (2018: HK\$4 million) as at 31 December 2019. If interest rates had experienced a 20 basis points parallel shift upwards, profit for the year would have been lower by HK\$8 million (2018: HK\$1 million higher) and the fair value reserve would have been lower by around HK\$10 million (2018: HK\$4 million).

As at 31 December 2019, with all other variables held constant, if the Hong Kong dollars had weakened by 100 price interest points against the US dollars, profit for the year would have been around HK\$14 million higher (2018: HK\$20 million). Conversely, if the Hong Kong dollars had strengthened by 100 price interest points against the US dollars, profit for the year would have been around HK\$14 million lower (2018: HK\$20 million).

于二零一九年十二月三十一日，在所有其他可变因素保持不变的情况下，如港元兑美元以外的其他外币汇率下跌100点子，年内溢利将增加少于10万港元（二零一八年：100万港元）。反之，如港元兑美元以外的其他外币汇率上升100点子，年内溢利将减少少于10万港元（二零一八年：100万港元）。

于二零一九年十二月三十一日，在所有其他可变因素保持不变的情况下，如交易所买卖基金及房地产投资信托基金的价格下跌1%，年内溢利将减少约400万港元（二零一八年：500万港元）。反之，如交易所买卖基金和房地产投资信托基金的价格上升1%，年内溢利将增加约400万港元（二零一八年：500万港元）。

上升或下降反映管理层对利率、汇率及股价在十二个月期间可能的合理变动所作出评估。

(a) 外币风险

本集团因现行外币市场汇率波动对其财务状况及现金流量的影响而承担风险。董事局设定可准许用于投资目的的外币。资产负债管理委员会设定可承受外币风险的限额，并每日进行监察。在融资方面，中期债券发行计划下多种货币的特质，容许本集团发行包括美元、人民币、新加坡元、英镑、澳元、欧元及日圆等主要货币的债券。所有外币债券均对冲为港元。

As at 31 December 2019, with all other variables held constant, if the Hong Kong dollars had weakened by 100 price interest points against foreign currencies other than US dollars, profit for the year would have been higher by less than HK\$0.1 million (2018: HK\$1 million). Conversely, if the Hong Kong dollars had strengthened by 100 price interest points against foreign currencies other than US dollars, profit for the year would have been lower by less than HK\$0.1 million (2018: HK\$1 million).

As at 31 December 2019, with all other variables held constant, if the price of exchange-traded funds and real estate investment trusts had decreased by 1%, profit for the year would have been around HK\$4 million lower (2018: HK\$5 million). Conversely, if the price of exchange-traded funds and real estate investment trusts had increased by 1%, profit for the year would have been around HK\$4 million higher (2018: HK\$5 million).

The increase or decrease represents management's assessment of a reasonably possible change in interest rates, exchange rates and equity prices for a 12-month period.

(a) Foreign currency exposure

The Group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rate on its financial position and cash flows. The Board sets allowable currencies for investment purposes. The ALCO sets limits on the currency exposure that may be undertaken, which is monitored daily. At funding side, the multi-currency feature of the MTN programme enables the Group to issue notes in major currencies, including US dollars, renminbi, Singapore dollars, British pounds, Australian dollars, euro and Japanese yen. All foreign currency-denominated debts are hedged into Hong Kong dollars.

下表概列本集团的外币汇率风险。表内所载为按帐面值列示的资产与负债，并按货币种类分类。

The tables below summarise the Group's exposure to foreign currency exchange rate risk. Included in the tables are the assets and liabilities at carrying amounts, categorised by currency.

		港元 HKD 千港元 HK\$'000	美元 USD 千港元 HK\$'000	其他外币 Other foreign currencies 千港元 HK\$'000	总额 Total 千港元 HK\$'000
于二零一九年十二月三十一日 As at 31 December 2019					
资产	Assets				
现金及短期资金	Cash and short-term funds	27,618,157	280,179	9,848	27,908,184
应收利息及汇款	Interest and remittance receivables	309,931	118,975	89,785	518,691
衍生金融工具	Derivative financial instruments	200,702	—	—	200,702
贷款组合净额	Loan portfolio, net	5,111,696	145,388	1,670,961	6,928,045
证券投资：	Investment securities:				
— 以公允价值变化计入	— FVOCI				
其他全面收益		1,404,577	3,515,825	—	4,920,402
— 以公允价值变化计入损益	— FVPL	369,511	9,292	—	378,803
— 按摊销成本列帐	— amortised cost	1,989,350	10,045,156	—	12,034,506
外汇基金存款	Placements with the Exchange Fund	12,881,627	—	—	12,881,627
预付款项、按金及	Prepayments, deposits and				
其他资产	other assets	263,063	72,974	1,001,312	1,337,349
递延税项资产	Deferred tax assets	79,170	—	—	79,170
再保险资产	Reinsurance assets	208,991	—	—	208,991
固定资产	Fixed assets	109,864	—	—	109,864
资产总额	Total assets	50,546,639	14,187,789	2,771,906	67,506,334
负债	Liabilities				
应付利息	Interest payable	281,561	19,740	71,573	372,874
应付帐项、应付开支及	Accounts payable, accrued expenses				
其他负债	and other liabilities	5,087,577	172,606	1,034	5,261,217
衍生金融工具	Derivative financial instruments	299,935	—	—	299,935
当期税项负债	Current tax liabilities	123,115	—	—	123,115
保险负债	Insurance liabilities	6,501,639	—	—	6,501,639
已发行债务证券	Debt securities issued	28,571,799	5,962,048*	5,177,116**	39,710,963
负债总额	Total liabilities	40,865,626	6,154,394	5,249,723	52,269,743
持仓净额	Net position	9,681,013	8,033,395	(2,477,817)	15,236,591
资产负债表外净名义持仓*	Off-balance sheet net notional position #	(5,655,092)	2,962,691	2,332,734	(359,667)

「资产负债表外净名义持仓」指外币衍生金融工具(主要用以减低本集团于货币波动的风险)的名义金额与其公平值的差额。

* 全数对冲为港元。

** 总额包括15亿港元的澳元债务证券及36亿港元的人民币债务证券，并全数对冲为港元。

"Off-balance sheet net notional position" represents the difference between the notional amounts of foreign currency derivative financial instruments, which are principally used to reduce the Group's exposure to currency movements and their fair values.

* Fully hedged into Hong Kong dollars.

** Amounts included debt securities issued in Australian dollars of HK\$1.5 billion and renminbi of HK\$3.6 billion, fully hedged into Hong Kong dollars.

		港元 HKD 千港元 HK\$'000	美元 USD 千港元 HK\$'000	其他外币 Other foreign currencies 千港元 HK\$'000	总额 Total 千港元 HK\$'000
于二零一八年十二月三十一日 As at 31 December 2018					
资产	Assets				
现金及短期资金	Cash and short-term funds	28,807,046	510,753	73,056	29,390,855
应收利息及汇款	Interest and remittance receivables	281,881	111,117	44,921	437,919
衍生金融工具	Derivative financial instruments	140,193	4,348	16,506	161,047
贷款组合净额	Loan portfolio, net	6,442,064	—	—	6,442,064
证券投资：	Investment securities:				
— 以公允价值变化计入 其他全面收益	— FVOCI	1,253,359	3,838,305	—	5,091,664
— 以公允价值变化计入损益	— FVPL	534,843	8,769	—	543,612
— 按摊销成本列帐	— amortised cost	2,808,433	8,738,400	—	11,546,833
外汇基金存款	Placements with the Exchange Fund	7,734,934	—	—	7,734,934
预付款项、按金及 其他资产	Prepayments, deposits and other assets	689,045	140,351	95	829,491
递延税项资产	Deferred tax assets	77,866	—	—	77,866
再保险资产	Reinsurance assets	171,518	—	—	171,518
固定资产	Fixed assets	53,766	—	—	53,766
资产总额	Total assets	48,994,948	13,352,043	134,578	62,481,569
负债	Liabilities				
应付利息	Interest payable	217,962	10,744	28,762	257,468
应付帐项、应付开支及 其他负债	Accounts payable, accrued expenses and other liabilities	4,918,523	143,156	—	5,061,679
衍生金融工具	Derivative financial instruments	78,739	2,791	182,856	264,386
当期税项负债	Current tax liabilities	104,077	—	—	104,077
保险负债	Insurance liabilities	4,607,373	—	—	4,607,373
已发行债务证券	Debt securities issued	28,199,186	5,996,683*	3,097,008**	37,292,877
负债总额	Total liabilities	38,125,860	6,153,374	3,308,626	47,587,860
持仓净额	Net position	10,869,088	7,198,669	(3,174,048)	14,893,709
资产负债表外净名义持仓#	Off-balance sheet net notional position #	(11,770,471)	8,532,367	2,982,048	(256,056)

「资产负债表外净名义持仓」指外币衍生金融工具(主要用以减低本集团于货币波动的风险)的名义金额与其公平值的差额。

* 全数对冲为港元。

** 总额包括15亿港元的澳元债务证券及15亿港元的人民币债务证券，并全数对冲为港元。

“Off-balance sheet net notional position” represents the difference between the notional amounts of foreign currency derivative financial instruments, which are principally used to reduce the Group’s exposure to currency movements and their fair values.

* Fully hedged into Hong Kong dollars.

** Amounts included debt securities issued in Australian dollars of HK\$1.5 billion and renminbi of HK\$1.5 billion, fully hedged into Hong Kong dollars.

(b) 现金流量及公平值利率风险

现金流量利率风险指金融工具的未来现金流量，将随著市场利率改变而波动的风险。公平值利率风险乃指金融工具的价值将随著市场利率改变而波动的风险。现行市场利率水平的波动会造成本集团的公平值利率风险及现金流量利率风险。由于利率变动，息差可能会扩阔，但倘若发生未能预计的波动，则亦会收窄或引致亏损。资产负债管理委员会设定息率错配水平的限额，并定期对该限额进行监控。

下表概述本集团所面对的利率风险，并按帐面值列示的资产及负债，而资产及负债则按重新定息日或到期日（以较早者为准）分类。衍生金融工具（主要用于减低本集团于利率波动承担的风险）的帐面值列于「不计息」项目中。

(b) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The ALCO sets limits on the level of interest rate mismatch that may be undertaken, which is monitored regularly.

The tables below summarise the Group's exposure to interest rate risks. Included in the tables are the assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates. The carrying amounts of derivative financial instruments, which are principally used to reduce the Group's exposure to interest rate movements, are included under the heading "Non-interest bearing".

		一个月内	一个月以上 至三个月	三个月以上 至一年	一年以上 至五年	五年以上	不计息	总额
		Up to 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non- interest bearing	Total
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
于二零一九年十二月三十一日 As at 31 December 2019								
资产	Assets							
现金及短期资金	Cash and short-term funds	7,392,061	19,205,213	1,235,938	-	-	74,972	27,908,184
应收利息及汇款	Interest and remittance receivables	-	-	-	-	-	518,691	518,691
衍生金融工具	Derivative financial instruments	-	-	-	-	-	200,702	200,702
贷款组合净额	Loan portfolio, net	6,390,510	491,030	3,769	11,116	31,620	-	6,928,045
证券投资：	Investment securities:							
— 以公允价值变化计入	— FVOCI							
其他全面收益		-	2,785,328	1,126,045	705,725	303,304	-	4,920,402
— 以公允价值变化计入损益	— FVPL	-	-	-	-	-	378,803	378,803
— 按摊销成本列帐	— amortised cost	-	1,575,045	1,224,151	4,122,643	5,112,667	-	12,034,506
外汇基金存款	Placements with the Exchange Fund	-	-	-	-	-	12,881,627	12,881,627
预付款项、按金及 其他资产	Prepayments, deposits and other assets	72,853	-	-	-	-	1,264,496	1,337,349
递延税项资产	Deferred tax assets	-	-	-	-	-	79,170	79,170
再保险资产	Reinsurance assets	-	-	-	-	-	208,991	208,991
固定资产	Fixed assets	-	-	-	-	-	109,864	109,864
资产总额	Total assets	13,855,424	24,056,616	3,589,903	4,839,484	5,447,591	15,717,316	67,506,334
负债	Liabilities							
应付利息	Interest payable	-	-	-	-	-	372,874	372,874
应付帐项、应付开支 及其他负债	Accounts payable, accrued expenses and other liabilities	5,036,339	-	-	-	-	224,878	5,261,217
衍生金融工具	Derivative financial instruments	-	-	-	-	-	299,935	299,935
当期税项负债	Current tax liabilities	-	-	-	-	-	123,115	123,115
保险负债	Insurance liabilities	-	-	-	-	-	6,501,639	6,501,639
已发行债务证券	Debt securities issued	3,068,218	12,156,149	12,028,149	7,589,274	4,869,173	-	39,710,963
负债总额	Total liabilities	8,104,557	12,156,149	12,028,149	7,589,274	4,869,173	7,522,441	52,269,743
利息敏感度缺口总额*	Total interest sensitivity gap*	5,750,867	11,900,467	(8,438,246)	(2,749,790)	578,418		
利率衍生工具 (持仓净额的名义金额)	Interest rate derivatives (notional amounts of net position)	(391,432)	(4,870,641)	4,228,957	302,553	370,896		

* 未计入衍生金融工具对已发行
债务证券重定息的影响。

* before the repricing effect of derivative financial instruments
on the debt securities issued.

		一个月内	一个月以上 至三个月	三个月以上 至一年	一年以上 至五年	五年以上	不计息	总额
		Up to 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non- interest bearing	Total
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
于二零一八年十二月三十一日	As at 31 December 2018							
资产	Assets							
现金及短期资金	Cash and short-term funds	9,187,118	18,714,302	1,279,899	—	—	209,536	29,390,855
应收利息及汇款	Interest and remittance receivables	—	—	—	—	—	437,919	437,919
衍生金融工具	Derivative financial instruments	—	—	—	—	—	161,047	161,047
贷款组合净额	Loan portfolio, net	6,400,321	22,248	7,012	10,934	1,549	—	6,442,064
证券投资：	Investment securities：							
— 以公允价值变化计入	— FVOCI							
其他全面收益		851,591	3,239,436	497,458	503,179	—	—	5,091,664
— 以公允价值变化计入损益	— FVPL	—	—	—	—	—	543,612	543,612
— 按摊销成本列帐	— amortised cost	—	1,309,923	1,335,738	4,317,726	4,583,446	—	11,546,833
外汇基金存款	Placements with the Exchange Fund	—	—	—	—	—	7,734,934	7,734,934
预付款项、按金及	Prepayments, deposits and							
其他资产	other assets	137,483	—	—	—	—	692,008	829,491
递延税项资产	Deferred tax assets	—	—	—	—	—	77,866	77,866
再保险资产	Reinsurance assets	—	—	—	—	—	171,518	171,518
固定资产	Fixed assets	—	—	—	—	—	53,766	53,766
资产总额	Total assets	16,576,513	23,285,909	3,120,107	4,831,839	4,584,995	10,082,206	62,481,569
负债	Liabilities							
应付利息	Interest payable	—	—	—	—	—	257,468	257,468
应付帐项、应付开支	Accounts payable, accrued expenses							
及其他负债	and other liabilities	4,902,866	—	—	—	—	158,813	5,061,679
衍生金融工具	Derivative financial instruments	—	—	—	—	—	264,386	264,386
当期税项负债	Current tax liabilities	—	—	—	—	—	104,077	104,077
保险负债	Insurance liabilities	—	—	—	—	—	4,607,373	4,607,373
已发行债务证券	Debt securities issued	5,631,318	11,495,125	8,082,087	8,468,836	3,615,511	—	37,292,877
负债总额	Total liabilities	10,534,184	11,495,125	8,082,087	8,468,836	3,615,511	5,392,117	47,587,860
利息敏感度缺口总额*	Total interest sensitivity gap*	6,042,329	11,790,784	(4,961,980)	(3,636,997)	969,484		
利率衍生工具	Interest rate derivatives (notional							
(持仓净额的名义金额)	amounts of net position)	(567,144)	(6,033,612)	3,810,990	1,293,541	1,240,169		

* 未计入衍生金融工具对已发行
债务证券重定价的影响。

* before the repricing effect of derivative financial instruments
on the debt securities issued.

3.4. 流动资金风险

流动资金风险指本集团未能偿还其债项或未能为己承诺购买的贷款提供资金的风险。本集团每日监测资金流入及流出，并按所有到期期限列序预计远期资金流入及流出。本集团建立多样化的资金来源支持其业务增长及维持均衡的负债组合。资产负债管理委员会定期对流动资金来源进行检讨。

(a) 未折现现金流量分析

下表列示本集团于呈报期末按剩余合约年期有关非衍生工具金融负债、以净额基准结算的衍生工具金融负债及以总额基准结算的衍生金融工具的应付现金流量。表内披露的金额为预测合约未折现的现金流量，包括根据最早的可能合约到期日计算的将来利息支付款项。本集团的衍生工具包括按净额基准结算的利率掉期、按总额基准结算的跨货币掉期及货币远期合约。

3.4. Liquidity risk

Liquidity risk represents the risk of the Group not being able to repay its payment obligations or to fund committed purchases of loans. Liquidity risk is managed by monitoring the actual inflows and outflows of funds on a daily basis and projecting longer-term inflows and outflows of funds across a full maturity spectrum. The Group has established diversified funding sources to support the growth of its business and the maintenance of a balanced portfolio of liabilities. Sources of liquidity are regularly reviewed by ALCO.

(a) Undiscounted cash flows analysis

The tables below present cash flows payable by the Group under non-derivative financial liabilities, derivative financial liabilities that will be settled on a net basis and derivative financial instruments that will be settled on gross basis by remaining contractual maturities as at the end of the reporting period. The amounts disclosed in the tables are the projected contractual undiscounted cash flows including future interest payments on the basis of their earliest possible contractual maturity. The Group's derivatives include interest rate swaps that will be settled on net basis; cross currency swaps and currency forwards that will be settled on gross basis.

(i) 非衍生工具现金流入／(流出)

(i) Non-derivative cash inflows/(outflows)

		一个月以上 至三个月	三个月以上 至一年	一年以上 至五年	五年以上	总额 Total
		一个月内 Up to 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	
		千港元	千港元	千港元	千港元	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	
于二零一九年十二月三十一日	As at 31 December 2019					
负债	Liabilities					
应付帐项、应付开支及 其他负债	Accounts payable, accrued expenses and other liabilities					
— 租赁负债	— lease liabilities	(4,433)	(8,866)	(31,638)	(1,376)	(46,313)
已发行债务证券	Debt securities issued	388,298	(4,614,056)	(16,999,131)	(14,392,096)	(6,603,357)
		383,865	(4,622,922)	(17,030,769)	(14,393,472)	(6,603,357)
						(42,220,342)
						(42,266,655)
		一个月以上 至三个月	三个月以上 至一年	一年以上 至五年	五年以上	总额 Total
		一个月内 Up to 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	
		千港元	千港元	千港元	千港元	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	
于二零一八年十二月三十一日	As at 31 December 2018					
负债	Liabilities					
已发行债务证券	Debt securities issued	(2,179,266)	(6,272,341)	(11,778,059)	(14,558,938)	(4,517,697)
						(39,306,301)

(ii) 衍生工具现金流入／(流出)

(ii) Derivative cash inflows/(outflows)

		一个月以上 至三个月	三个月以上 至一年	一年以上 至五年	五年以上	总额
		一个月内 Up to 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
于二零一九年十二月三十一日	As at 31 December 2019					
按下列基准结算的 衍生金融工具：	Derivative financial instrument settled:					
一 净额基准	— on net basis	(14,288)	(4,715)	54,277	22,254	(19,429)
一 总额基准	— on gross basis					
流出总额	Total outflow	(1,017,671)	(1,083,086)	(7,315,595)	(7,111,644)	(1,302,501)
流入总额	Total inflow	1,017,756	1,060,879	7,279,611	7,090,225	1,270,811
		(14,203)	(26,922)	18,293	835	(51,119)

		一个月以上 至三个月	三个月以上 至一年	一年以上 至五年	五年以上	总额
		一个月内 Up to 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
于二零一八年十二月三十一日	As at 31 December 2018					
按下列基准结算的 衍生金融工具：	Derivative financial instrument settled:					
一 净额基准	— on net basis	(6,129)	17,655	29	14,587	(29,246)
一 总额基准	— on gross basis					
流出总额	Total outflow	(785,440)	(1,808,855)	(6,528,845)	(1,512,233)	(1,503,110)
流入总额	Total inflow	782,570	1,801,737	6,574,167	1,571,487	1,328,637
		(8,999)	10,537	45,351	73,841	(203,719)

(b) 到期日分析

下表根据呈报期末至合约到期日剩余期间，分析有关资产及负债到期组别。

(b) Maturity analysis

The table below analyses the assets and liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

		即时到期 Repayable on demand 千港元 HK\$'000	一个月以上 至三个月 Over Up to 1 month to 3 months 千港元 HK\$'000	三个月以上 至一年 Over 3 months to 1 year 千港元 HK\$'000	一年以上 至五年 Over 1 year to 5 years 千港元 HK\$'000	五年以上 Over 5 years 千港元 HK\$'000	无限期 Undated 千港元 HK\$'000	总额 Total 千港元 HK\$'000
于二零一九年十二月三十一日 资产 As at 31 December 2019 Assets								
现金及短期资金(总额)	Cash and short-term funds (gross)	74,244	7,392,939	19,206,000	1,236,000	-	-	27,909,183
贷款组合	Loan portfolio	1,081	48,631	109,831	465,280	2,829,037	3,432,242	6,929,633
证券投资	Investment securities							
— 以公允价值变化计入 其他全面收益	— FVOCI	-	-	455,954	685,001	3,476,143	303,304	4,920,402
— 以公允价值变化计入损益	— FVPL	-	-	-	-	-	378,803	378,803
— 按摊销成本列帐(总额)	— amortised cost (gross)	-	-	569,967	2,229,362	4,123,244	5,113,388	12,035,961
外汇基金存款	Placements with the Exchange Fund	-	-	-	-	12,881,627	-	12,881,627
再保险资产	Reinsurance assets	-	-	-	-	-	208,991	208,991
		75,325	7,441,570	20,341,752	4,615,643	10,428,424	21,730,561	65,264,600
负债 Liabilities								
保险负债	Insurance liabilities	-	32,808	63,140	276,808	3,366,221	1,474,156	6,501,639
已发行债务证券	Debt securities issued	-	526,886	4,393,081	16,463,199	4,869,173	-	39,710,963
		-	559,694	4,456,221	16,740,007	8,235,394	1,474,156	46,212,602

		即时到期 Repayable on demand 千港元 HK\$'000	一个月以上 至三个月 Over Up to 1 month to 3 months 千港元 HK\$'000	三个月以上 至一年 Over 3 months to 1 year 千港元 HK\$'000	一年以上 至五年 Over 1 year to 5 years 千港元 HK\$'000	五年以上 Over 5 years 千港元 HK\$'000	无限期 Undated 千港元 HK\$'000	总额 Total 千港元 HK\$'000
于二零一八年十二月三十一日 资产 As at 31 December 2018 Assets								
现金及短期资金(总额)	Cash and short-term funds (gross)	196,590	9,200,211	18,715,000	1,280,000	-	-	29,391,801
贷款组合	Loan portfolio	2,195	44,596	123,539	460,888	2,109,440	3,694,490	6,442,730
证券投资	Investment securities							
— 以公允价值变化计入 其他全面收益	— FVOCI	-	27,780	191,143	1,627,876	3,244,865	-	5,091,664
— 以公允价值变化计入损益	— FVPL	-	-	-	-	-	543,612	543,612
— 按摊销成本列帐(总额)	— amortised cost (gross)	-	-	300,000	1,335,810	5,328,313	4,584,152	11,548,275
外汇基金存款	Placements with the Exchange Fund	-	-	-	-	7,734,934	-	7,734,934
再保险资产	Reinsurance assets	-	-	-	-	-	171,518	171,518
		198,785	9,272,587	19,329,682	4,704,574	16,013,576	722,712	60,924,534
负债 Liabilities								
保险负债	Insurance liabilities	-	20,357	40,386	176,995	824,770	1,322,844	4,607,373
已发行债务证券	Debt securities issued	-	2,592,186	6,110,063	11,307,930	13,667,187	3,615,511	37,292,877
		-	2,612,543	6,150,449	11,484,925	14,491,957	5,837,532	41,900,250

除上述外，应收利息及汇款、预付款项及其他资产、应付利息、应付帐项、应付开支及当期税项负债，预期将在呈报期日起计的十二个月内收回或偿还。而在综合财务状况表的其他资产和负债，则预期由呈报期日起计需要逾十二个月才能收回或偿还。

此外，外汇基金承诺透过循环信贷安排向本集团提供300亿港元循环信贷。这个安排使本集团可在异常经济环境下保持平稳营运，因而更有效地履行促进香港银行及金融稳定的任务。

3.5. 保险风险

本集团透过其一般保险业务附属公司提供按揭保险，为参与的贷款机构就所承造香港住宅物业贷款之信贷亏损风险提供最高可达40%的保险额，惟批出贷款时贷款额与物业价值比率为90%或以下，或按当时所指定的其他限制。本集团亦就参与的认可机构给予香港的中小企及非上市企业的贷款，提供高达50%-70%的财务担保保障；以及就参与的贷款机构给予以住宅物业、人寿保单及其他资产(如适用)作为担保的安老按揭，提供保险保障。

任何保险合约的风险为已投保事件发生的可能性及所引致的申索金额的不确定性。根据保险合同本身的特质，此类风险属随机，因此不能预计。

对一组保险合同而言，按机会率的理论应用予定价及拨备时，本集团保险合同面对的主要风险为实际申索超出保险负债帐面值。当申索的次数及金额超过预计时，上述情况便可能发生。保险事件为随机，而申索及赔偿的实际次数及金额每年有所不同，同时亦可能有异于使用统计方法得出的估计数字。

Apart from the above, interest and remittance receivables, prepayments and other assets, interest payable, accounts payable, accrued expenses and current tax liabilities are expected to be recovered or settled within twelve months from the reporting date. Other assets and liabilities included in the consolidated statement of financial position are expected to be recovered or settled in a period more than twelve months after the reporting date.

In addition, the Exchange Fund has committed to providing the Group with a HK\$30 billion revolving credit under the Revolving Credit Facility, which enables the Group to maintain smooth operation under exceptional circumstances, so that it can better fulfil its mandate to promote banking and financial stability in Hong Kong.

3.5. Insurance risk

Through its general insurance subsidiary, the Group provides the mortgage insurance cover to participating lenders for first credit losses of up to 40% of the property value of a residential mortgage loan in Hong Kong with loan-to-value ratio 90% or below at origination, or other thresholds as specified from time to time. The Group also provides financial guarantee cover to participating AIs up to 50%-70% of the banking facilities granted to SMEs and non-listed enterprises in Hong Kong, and insurance cover in respect of reverse mortgage loans originated by participating lenders and secured on residential properties, life insurance policies and, if applicable, other assets.

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

经验显示类似保险合约的组合越大，预期后果的相对可变性则越低。此外，越是多元化的组合，越是不会由于组合内任何一组分组变动而使整体受影响。本集团已制定业务策略，以分散所接纳保险风险种类，并在每个主要类别内归纳足够宗数，从而降低预期后果的可变性。

申索的次数及金额可受多项因素影响。最主要因素为经济衰退、本港物业市场下滑及借款人死亡率低。经济衰退可能引致拖欠付款增加，影响申索次数和抵押品价值。物业价格下跌，会使抵押品价值低于按揭贷款未偿还余额，因而增加索偿金额。安老按揭借款人死亡率低意味著更长的年金付款期，贷款金额随著时间亦愈高。这将影响申索的次数及金额，因为会带来物业价值在未来并不足以偿还贷款的风险。

本集团采纳一套审慎的保险承保资格准则管理有关风险。为确保预留充足拨备应付未来索偿付款，本集团以审慎负债估值假设及按监管指引内规定的方法计算技术储备。本集团亦向核准再保险公司按比例投保摊分再保险，致力减少按揭保险业务及安老按揭业务所面对的风险。本集团进行综合评估，包括按核准筛选架构，评估再保险公司的财政实力及信贷评级。本集团会定期检讨核准再保险公司。至于就本集团透过其一般保险业务附属公司提供给参与的贷款机构的财务担保保障，本集团依赖贷款人审慎评估借款人的信贷，从而减低拖欠风险；任何贷款安排导致的损失将在平等基础上由本集团与贷款人按比例摊分，藉以减低道德风险。安老按揭贷款假设的死亡率会定期作出检讨，以评估营运时实际和预期结果的较大偏差所导致的风险。

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Group has developed a business strategy to diversify the type of insurance risks accepted and within each of the key categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

The frequency and severity of claims can be affected by several factors. The most significant are a downturn of the economy, a slump in the local property market and a low mortality rate of borrowers. Economic downturn, which may cause a rise in defaulted payment, affects the frequency of claims and collateral value. A drop in property prices, where the collateral value falls below the outstanding balance of the mortgage loan, will increase the severity of claims. Low mortality rate of reverse mortgage borrowers means longer payout period and larger loan balance will be over time. This will affect the frequency and severity of claims as there is a risk of the property value insufficient to cover the outstanding loan balance in the future.

The Group manages these risks by adopting a set of prudent insurance underwriting eligibility criteria. To ensure sufficient provision is set aside for meeting future claim payments, the Group calculates technical reserves on prudent liability valuation assumptions and the method prescribed in the regulatory guidelines. The Group also takes out quota-share reinsurance from its approved mortgage reinsurers in an effort to limit its risk exposure under the mortgage insurance business and reverse mortgage business. The Group conducts comprehensive assessment including the financial strength and credit ratings of the reinsurers in accordance with the approved selection framework. The approved mortgage reinsurers are subject to periodic reviews. For financial guarantee cover provided to participating lenders via its general insurance subsidiary, the Group relies on the lenders' prudent credit assessment on the borrowers to mitigate default risk and any loss in the loan facility will be shared proportionately between the Group and the lender on a pari passu basis to minimise moral hazards. The mortality assumptions of reverse mortgages are also reviewed on a regular basis, to assess the risk of larger deviation between the actual and expected operating results.

本集团透过其人寿保险附属公司向个人客户提供年金产品。保险风险源于对承保保单及定价所产生的风险的不准确评估。主要的保险风险为长寿风险，此乃因年金受益人的实际寿命超过预期寿命的可能性而产生。本集团透过采用一系列的审慎假设及定期进行经验研究以管理保险风险。年金产品固有的资产负债错配风险是由于资产波动、不确定的年金负债、现金流量错配以及资产与负债之间的货币错配。为减轻此类风险，本集团积极监控表现，并致力维持对资产配置的控制。

一般保险附属公司及人寿保险附属公司均须受保险业监管局监管，并须遵守保险业监管局所订明的有关合规要求。

于二零一九年十二月三十一日，如一般保险业务的综合比率增加1%，则年内溢利将减少300万港元（二零一八年：300万港元）。如综合比率下降1%，则年内溢利将增加300万港元（二零一八年：300万港元）。

下表显示人寿保险业务的保险负债对死亡率及估值利率的潜在变化的敏感度。

Through its life insurance subsidiary, the Group offers annuity product to personal customers. Insurance risk arises from an inaccurate assessment of the risks entailed in writing and pricing an insurance policy. The major insurance risk is the longevity risk which arises from the possibility that actual life expectancy of annuitants being longer than expected. Insurance risk is managed by adopting a prudent set of assumptions and conducting regular experience studies. Asset-liability mismatch risk inherent to the annuity product is due to asset volatility, uncertain annuity liabilities, cash flow mismatch and currency mismatch between assets and liabilities. To mitigate such risk, the Group actively monitor the performance and steadfastly maintains control over asset allocation.

The general insurance subsidiary and life insurance subsidiary are subject to the supervision of the Insurance Authority and are required to observe the relevant compliance requirements stipulated by the Insurance Authority.

As at 31 December 2019, if the combined ratio of general insurance business had increased by 1%, profit for the year would have been HK\$3 million (2018: HK\$3 million) lower. If combined ratio had decreased by 1%, profit for the year would have been HK\$3 million (2018: HK\$3 million) higher.

The following table shows the sensitivity of insurance liabilities on the life insurance business to potential changes in mortality and valuation interest rate.

		保险负债 金额变动 Amount change from insurance liabilities	保险负债 百分比变动 Percentage change from insurance liabilities
		千港元 HK\$'000	%
于二零一九年十二月三十一日 As at 31 December 2019		增加 / (减少) Increase/ (decrease)	增加 / (减少) Increase/ (decrease)
死亡率	Mortality		
+ 10%	+ 10%	(73,941)	(1.5)
- 10%	- 10%	83,111	1.7
估值利率	Valuation interest rate		
+ 0.5%	+ 0.5%	(201,611)	(4.0)
- 0.5%	- 0.5%	217,740	4.3

		保险负债 金额变动 Amount change from insurance liabilities	保险负债 百分比变动 Percentage change from insurance liabilities
		千港元 HK\$'000	%
于二零一八年十二月三十一日 As at 31 December 2018		增加 / (减少) Increase/ (decrease)	增加 / (减少) Increase/ (decrease)
死亡率	Mortality		
+ 10%	+ 10%	(45,692)	(1.4)
- 10%	- 10%	51,432	1.6
估值利率	Valuation interest rate		
+ 0.5%	+ 0.5%	(132,321)	(4.0)
- 0.5%	- 0.5%	143,042	4.4

3.6. 金融资产及负债的公平值

(a) 公平值估计

下表列示按公平值(根据估值方法估算)确认的金融工具。

		于二零一九年十二月三十一日 As at 31 December 2019				于二零一八年十二月三十一日 As at 31 December 2018			
		第一层 Level 1 千港元 HK\$'000	第二层 Level 2 千港元 HK\$'000	第三层 Level 3 千港元 HK\$'000	总额 Total 千港元 HK\$'000	第一层 Level 1 千港元 HK\$'000	第二层 Level 2 千港元 HK\$'000	第三层 Level 3 千港元 HK\$'000	总额 Total 千港元 HK\$'000
资产	Assets								
衍生金融工具	Derivative financial instruments	-	200,702	-	200,702	-	161,047	-	161,047
证券投资	Investment securities								
— 以公允价值变化计入 其他全面收益	— FVOCI	4,920,402	-	-	4,920,402	5,091,664	-	-	5,091,664
— 以公允价值变化 计入损益	— FVPL	378,803	-	-	378,803	543,612	-	-	543,612
外汇基金存款	Placements with the Exchange Fund	-	-	12,881,627	12,881,627	-	-	7,734,934	7,734,934
		5,299,205	200,702	12,881,627	18,381,534	5,635,276	161,047	7,734,934	13,531,257
负债	Liabilities								
衍生金融工具	Derivative financial instruments	-	299,935	-	299,935	-	264,386	-	264,386
指定为以公允价值变化 计入损益的已发行 债务证券	Debt securities issued designated as at fair value through profit or loss	-	147,184	-	147,184	-	143,981	-	143,981
		-	447,119	-	447,119	-	408,367	-	408,367

于本年度，第一层与第二层的金融工具之间并没有转移，亦无转入或转出第三层。

3.6. Fair values of financial assets and liabilities

(a) Fair value estimation

The following table shows financial instruments recognised at fair value, by valuation method.

There was no transfer between Level 1 and Level 2 nor transfers into or out of Level 3 during the year.

(i) 第一层的金融工具

于活跃市场交易的金融工具，其公平值会根据呈报期日的市场报价。活跃市场是指可以容易地和定期地从交易所、交易员、经纪、行业协会、定价服务机构或监管机构取得报价，而该等价格代表按公平基准、实际和定期在市场的交易。如果按公平值计量的资产或负债有一个买入价和卖出价，在这个买卖差价范围内的最能代表公平值的价格，应该用来计量公平值。而这类工具就被包括在第一层。

(ii) 第二层的金融工具

并非在活跃市场交易的金融工具的公平价值按估值方法确定。估值方法会尽量利用市场上可取得的及可观察的数据而尽可能少依赖对公司特定的估算。倘若计量工具的公平值时所需的重要资料是基于可观察的数据，该工具则被包括在第二层。

第二层的衍生工具包括利率掉期、货币掉期及货币远期合约。这些衍生工具会利用可观察到的收益率曲线，从而得到远期利率和远期汇率（如适用），用来计量公平值。

(i) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If an asset or a liability measured at fair value has a bid price and an ask price, the price within the bid-ask spread that is most representative of fair value in the circumstances shall be used to measure fair value. These instruments are included in Level 1.

(ii) Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 2 derivatives comprise interest rate swaps, currency swaps and currency forwards. These derivatives are fair valued using forward interest rates and forward exchange rates, if applicable, from observable yield curves.

第二层的债务证券使用较不活跃市场上的市场报价，来计量公平值；如果没有的话，可以使用现金流量折现分析方法，从债务工具的交易对手在市场上可观察得到的报价，以得出折现率，用以折现合约现金流量。

Level 2 debt securities are fair valued using quoted market prices in less active markets, or if not available, a discounted cash flow approach, which discounts the contractual cash flows using discount rates derived from observable market prices of other quoted debt instruments of the counterparties.

(iii) 第三层的金融工具

倘若其中一个或以上的重要资料并非是基于可观察的市场数据，该工具则被包括在第三层。外汇基金存款计入第三层，其公平值乃参考未来年度的估计投资回报率厘定，并与其帐面值相若。

(iii) Financial instruments in Level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. The placements with the Exchange Fund are included in Level 3 with fair value determined by reference to the estimated rates of investment return for future years, approximate the carrying value.

第三层金融工具的公平值计量变动如下：

Movement in Level 3 fair value measurement as follows:

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
于一月一日	As at 1 January	7,734,934	–
外汇基金存款	Placements with the Exchange Fund	4,682,000	7,550,000
于损益中确认的 外汇基金存款收益 (附注9)	Income from placements with the Exchange Fund recognised in profit or loss (Note 9)	464,693	184,934
于十二月三十一日	As at 31 December	12,881,627	7,734,934

(b) 并非以公平值计量的金融资产和负债

于二零一九年十二月三十一日及二零一八年十二月三十一日，本集团并未于财务状况表按公平值悉数呈列金融工具的帐面值与公平值并没有重大不同。除其帐面值与公平值相若的金融工具外，下表为非以公平值计量的金融工具之帐面值、公平值及公平值架构级别：

(b) Fair values of financial assets and liabilities not measured at fair value

The carrying amounts of the Group's financial instruments not presented on the Group's statement of financial position at their fair values are not materially different from their fair values as at 31 December 2019 and 31 December 2018 except for the following financial instruments, for which their carrying amounts and fair values and the level of fair value hierarchy are disclosed below:

		于二零一九年十二月三十一日 As at 31 December 2019				于二零一八年十二月三十一日 As at 31 December 2018			
		帐面值 Carrying amount	公平值 Fair value	第一层 Level 1	第二层 Level 2	帐面值 Carrying amount	公平值 Fair value	第一层 Level 1	第二层 Level 2
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
金融资产	Financial assets								
证券投资	Investment securities								
— 按摊销成本列帐	— amortised cost	12,034,506	12,517,183	12,517,183	—	11,546,833	11,530,161	11,530,161	—
金融负债	Financial liabilities								
已发行债务证券	Debt securities issued	39,563,779	40,046,257	—	40,046,257	37,148,896	36,588,554	—	36,588,554

估计金融工具公平值时已使用
下列方法及重要假设：

(i) 现金及短期资金

现金及短期资金包括银行存款，并于扣除减值拨备后列帐。浮息存款的公平值即其帐面值。定息存款（存款期通常少于六个月）的估计公平值乃基于使用同类信贷风险债务的现行货币市场利率及剩余年期计算之折现现金流量。因此，存款的公平值约等于其帐面值。

(ii) 贷款组合净额

贷款组合于扣除减值拨备后列帐。小部分贷款组合按固定利率计息。因此，贷款组合的帐面值为公平值的合理估计。

(iii) 按摊销成本列帐的证券投资

证券投资于扣除减值拨备后列帐。按摊销成本列帐的证券投资之公平值以市价或经纪／交易商报价的净价为基础。倘未能取得有关资料，则采用具有同类信贷、到期日及收益率等特点之证券所报的市价估计公平值。

The following methods and significant assumptions have been used to estimate the fair values of financial instruments:

(i) Cash and short-term funds

Cash and short-term funds include bank deposits and are stated net of impairment allowance. The fair value of floating-rate deposits is the carrying amount. The estimated fair value of fixed-rate deposits, which are normally less than 6 months, is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity. Therefore, the fair value of the deposits is approximately equal to their carrying value.

(ii) Loan portfolio, net

Loan portfolio is stated net of impairment allowance. An insignificant portion of loan portfolio bears interest at fixed rate. Therefore, the carrying value of loan portfolio is a reasonable estimate of the fair value.

(iii) Investment securities at amortised cost

Investment securities are stated net of impairment allowance. Fair value for investment securities at amortised cost is based on market prices or broker/dealer price quotations, which are the clean prices. Where this information is not available, fair value has been estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

(iv) 其他资产

这些主要是指在呈报期日后结算的已发行债务证券的应收款项，其公平值与帐面值相若。

(v) 已发行债务证券

公平值总额乃基于市场报价的净价计算。至于未有市场报价的债券，会基于到期前剩余期限的现时收益率曲线并采用现金流量折现模型计算。

(vi) 其他负债

其他负债主要指二零零三年十二月及二零零四年一月自政府购买的按揭贷款加强信贷安排的递延代价，其公平值与帐面值相若。

(vii) 应收利息及汇款及应付利息

应计利息被独立确认，由于预期将在呈报期日起计的十二个月内收回或偿还，其公平值与帐面值相若。汇款预期将在呈报期日起计一个月内收回，其公平值与帐面值相若。

(iv) Other assets

These mainly represent receivables from debt securities issued for settlement after the reporting date with the fair value approximating the carrying amount.

(v) Debt securities issued

The aggregate fair values are calculated based on quoted market prices, which are the clean prices. For those notes where quoted market prices are not available, a discounted cash flow model is used based on a current yield curve appropriate for the remaining term to maturity.

(vi) Other liabilities

These mainly represent the deferred consideration used for credit enhancement on the mortgage loans purchased from the Government in December 2003 and January 2004 with the fair value approximating the carrying amount.

(vii) Interest and remittance receivables and interest payable

Accrued interest is recognised separately with the fair value approximating the carrying amount as it is expected to be recovered or settled within twelve months from the reporting date. Remittance receivables are expected to be recovered within one month from the reporting date with the fair value approximating the carrying amount.

3.7. 资本管理

本集团管理资本(其涵盖范围较列于财务状况表帐面的权益为广)的目的如下：

- 需符合政府财政司司长(财政司司长)订定资本要求及其保险附属公司需符合保险业监管局制定的资本规定；
- 确保本集团持续营运的能力，以继续为股东提供回报；
- 维持本集团的稳定及发展；
- 按有效及风险为本的方法分配资本，优化对股东的经风险调节的回报；及
- 维持雄厚的资本基础支持业务发展。

管理层根据财政司司长颁布的资本充足率指引(指引)，每日监控资本充足程度及监管资金的用途。指引主要参照巴塞尔协定II以风险为本的资本充足框架，而指引亦规定最低资本充足率为8%。

总裁须根据财政司司长颁布的指引每季度向董事局提交报告。如资本充足率下跌至14%的临界水平，总裁会通知执行董事。如资本充足率下跌至12%或以下，董事局将获通知，并会采取适当的补救措施。期内，本集团均遵守财政司司长制定的指引的所有资本规定。

3.7. Capital management

The Group's objectives when managing capital, which is a broader concept than the equity on the face of the statement of financial position, are:

- To comply with the capital requirements set by the Financial Secretary of the Government (**Financial Secretary**) and the Insurance Authority for its insurance subsidiaries;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholder;
- To support the Group's stability and growth;
- To allocate capital in an efficient and risk based approach to optimise risk adjusted return to the shareholder; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the management in accordance with the Guidelines on Capital Adequacy Ratio (**Guidelines**) issued by the Financial Secretary, by reference largely to Basel II risk-based capital adequacy framework. The minimum Capital Adequacy Ratio (**CAR**) stipulated in the Guidelines is 8%.

The Chief Executive Officer is required to submit a report to the Board of Directors on a quarterly basis by reference to the Guidelines issued by the Financial Secretary. If the CAR drops to the threshold level of 14%, the Chief Executive Officer will alert the Executive Directors. If the CAR falls to 12% or below, the Board of Directors will be informed and appropriate remedial actions will be taken. During the period, the Group complied with all of the capital requirement set out in the Guidelines by the Financial Secretary.

根据参考《银行业(资本)规则》制定的资本充足率指引，《银行业(资本)规则》下的资本比率计算基础跟随财务报告的综合基础，但不包括属于「受规管金融机构」(例如保险公司)的附属公司。此乃由于该等机构受监管机构所监督，并须维持足以维持业务活动的资本(例如偿付能力充足率)，与《银行业(资本)规则》对银行所规定者相若。该等未予综合的受规管金融机构的投资成本从资本基础中扣除，而相应的相关的风险资产亦不会计入加权资产的计算中。

下表概述于呈报期末的资本基础组成及资本充足率。

Pursuant to the Guidelines on the CAR, which is made by reference to the Banking (Capital) Rules (**BCR**), the calculation basis of capital ratio under the BCR follows the basis of consolidation for financial reporting with the exclusion of subsidiaries which are "regulated financial entities" (e.g. insurance companies). It is because these entities are supervised by a regulator and are subject to the maintenance of adequate capital (e.g. solvency ratio) to support business activities comparable to those prescribed for banks under the BCR. The investment cost of these unconsolidated regulated financial entities is deducted from the capital base whilst the corresponding related exposures are also excluded from the calculation of risk-weighted assets.

The table below summarises the composition of capital base and the CAR as at the end of the reporting period.

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
股本	Share capital	7,000,000	7,000,000
储备	Reserves	8,460,636	8,150,766
减值拨备	Impairment allowance	4,344	3,290
扣除：	Deductions:		
— 于受监管附属公司的投资	— Investment in regulated subsidiaries	(8,000,000)	(8,000,000)
— 其他扣除额	— Other deductions	—	(2,971)
资本基础总额	Total capital base	7,464,980	7,151,085
资本充足率	Capital Adequacy Ratio	30.2%	26.8%

3.8. 金融资产及金融负债之对销

下表披露涉及在本集团的综合财务状况表中并没有对销的金融资产和金融负债，但该等资产和负债受强制净额结算安排或涵盖类似金融工具的相若协议所约束。披露有助对总额和净额的了解，及提供减低相关信贷风险的附加资料。

3.8. Offsetting financial assets and financial liabilities

The disclosures set out in the tables below pertain to financial assets and financial liabilities that are not offset in the Group's consolidated statement of financial position but are subject to enforceable master netting arrangements or similar agreements that cover similar financial instruments. The disclosures enable the understanding of both the gross and net amounts, as well as provide additional information on how such credit risk is mitigated.

		于二零一九年十二月三十一日 As at 31 December 2019				于二零一八年十二月三十一日 As at 31 December 2018			
		相关但并未在综合财务状况表 综合财务 状况表的 帐面值 Carrying amounts on the consolidated statement of financial position 千港元 HK\$'000				相关但并未在综合财务状况表 综合财务 状况表的 帐面值 Carrying amounts on the consolidated statement of financial position 千港元 HK\$'000			
		对销的金额 [#] Related amount not set off in the consolidated statement of financial position [#]				对销的金额 [#] Related amount not set off in the consolidated statement of financial position [#]			
		衍生金融工具 Derivative financial instruments 千港元 HK\$'000	现金抵押品 Cash collateral 千港元 HK\$'000	净额 [*] Net amount [*] 千港元 HK\$'000		衍生金融工具 Derivative financial instruments 千港元 HK\$'000	现金抵押品 Cash collateral 千港元 HK\$'000	净额 [*] Net amount [*] 千港元 HK\$'000	
金融资产 正数的衍生金融 工具公平值	Financial assets Positive fair values for derivative financial instruments	200,702	(175,078)	(22,765)	2,859	161,047	(98,859)	(58,154)	4,034
金融负债 负数的衍生金融 工具公平值	Financial liabilities Negative fair values for derivative financial instruments	299,935	(175,078)	(68,101)	56,756	264,386	(98,859)	(137,483)	28,044

[#] 「相关但并未在综合财务状况表对销的金额」指受净额结算安排或相若协议包括信贷支持附件所约束的金融负债／资产金额。

^{*} 净额指受净额结算安排或相若协议所约束的金融资产／负债，但倘若本集团的交易对手违约，其并没有相等的金融负债／资产可与本集团作对销。

[#] Amounts under "Related amount not set off in the consolidated statement of financial position" represent the amounts of financial liabilities/assets position that are subject to netting arrangements or similar agreements including CSA.

^{*} Net amount represents financial assets/liabilities that are subject to netting arrangements or similar agreements but the Group's counterparty does not have equivalent financial liabilities/assets position with the Group to offset upon default.

4. 关键会计估计及假设

本集团采用对下一个财政年度的资产及负债列帐额有影响之估计及假设。本集团会根据过往经验及其他因素(包括于有关情况下对未来事项作出的合理预期)，持续评估所作估计及判断。

4.1 贷款组合的减值拨备

本集团会检讨其贷款组合，以定期评估预期信贷亏损。在厘定预期信贷亏损时，本集团对自初始确认后信贷风险是否有任何重大增加作出判断。就假设及估计，本集团需纳入有关过去事件、当前状况及经济状况预测的相关资料作出判断。估计未来现金流金额及时间的方法及假设会定期检讨，以减小估计亏损及实际亏损经验的差异。

贷款组合于二零一九年十二月三十一日的帐面值在附注 17 内披露。

4.2 一般保险业务的保险及担保组合的未决申索拨备

本集团检讨其保险及担保组合，以评估未决申索拨备，包括数额未经确定的申索及来自未通知承保者的事件的申索，即已产生但未申报及相关的索偿付款开支。在决定未决申索拨备时，本集团在保险及担保合约下履行其责任中需支付作出判断及假设，包括但不限于应用的损失严重率、经济气候及本地物业市场。估算最终申索数额的方法及假设会作定期检讨。

保险负债于二零一九年十二月三十一日的帐面值在附注 25 内披露。

4. Critical accounting estimates and assumptions

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1. Impairment allowances on loan portfolio

The Group reviews its loan portfolio to assess ECLs on a regular basis. In determining ECLs, the Group makes judgements as to whether there is any significant increase in credit risk since initial recognition. It is required to exercise judgements in making assumptions and estimates to incorporate relevant information about past events, current conditions and forecast of economic conditions. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

The carrying amount of loan portfolio as at 31 December 2019 is disclosed in Note 17.

4.2. Provision for outstanding claims on insurance and guarantee portfolios of general insurance business

The Group reviews its insurance and guarantee portfolios to assess provision for outstanding claims, including claims of which the amounts have not been determined and claims arising out of incidents that have not been notified to the insurer, known as "Incurred But Not Reported" and related expenses for settling such claims. In determining the provision for outstanding claims, the Group makes judgement and assumptions including but not limited to the loss severity rate applied, the economic climate and the local property market in making estimation of the payments which the Group is required to make in fulfilling its obligations under the insurance and guarantee contracts. The methodology and assumptions used for estimating the ultimate claim amount are reviewed regularly.

The carrying amount of insurance liabilities as at 31 December 2019 is disclosed in Note 25.

4.3. 人寿保险业务的保险合约负债

保险合约负债乃基于当前假设，并考虑风险因素及假设上的偏差。所用的主要假设涉及死亡率、长寿、费用及折现率，并定期进行检讨。

保险负债于二零一九年十二月三十一日的帐面值在附注25内披露。

4.4. 厘定租赁期

如租赁包含本集团可行使续租权，则于租赁开始日期厘定租赁期时，本集团会评估行使续租权的可能性，并考虑到所有能形成经济诱因促使本集团行使续租权的相关事实及情况(包括有利条款、已进行的租赁装修，以及该资产对本集团经营的重要性)。倘发生重大事件或出现本集团控制范围以内的重大变动情况，则将重新评估租赁期。任何租赁期的延长或缩短均会影响未来年度确认的租赁负债及使用权资产之金额。

4.5. 就结转税项亏损确认递延税项资产

年金业务需要以精算假设去维持审慎的法定储备，因而引起的会计亏损产生递延税项资产。本集团认为递延资产将根据业务计划所估计之未来应课税收入予以收回。预期年金业务于未来将产生应课税收入。此亏损可无限期结转，并无到期日。

4.3. Insurance contract liabilities of life insurance business

The liability for insurance contracts is based on current assumptions with a margin for risk and adverse deviation. The main assumptions used relate to mortality, longevity, expenses and discount rates, which are reviewed regularly.

The carrying amount of insurance liabilities as at 31 December 2019 is disclosed in Note 25.

4.4. Determination of the lease term

In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

4.5. Recognition of deferred tax asset for carried-forward tax losses

The deferred tax assets mainly relates to tax losses of the annuity business arising from maintaining prudent statutory reserves based on actuarial assumptions. The Group has concluded that the deferred assets will be recoverable using the estimated future taxable income based on the business plans. The annuity business is expected to generate taxable income in the future. The losses can be carried forward indefinitely and have no expiry date.

5. 分类资料

本集团主要在香港从事购买资产及供款管理服务、一般保险及人寿保险业务。其他业务，例如为提供资金以购入贷款而发行的债务工具，及将贷款收取款项所产生的盈余资金进行再投资，被视为购买资产业务的附属业务。

一般保险主要包括按揭保险、安老按揭及中小企融资担保业务。人寿保险包括年金业务。购买资产及供款管理服务包括贷款收购业务及债务发行等其他业务。

下表列示本集团经营分部的收入、溢利及其他资料。

5. Segment information

The Group is principally engaged in asset purchase and servicing, general insurance and life insurance businesses in Hong Kong. Other activities such as debt issuance to fund the loan purchase and investment to reinvest the surplus funds from loan receipt are considered ancillary to asset purchase business.

General insurance includes mainly mortgage insurance, reverse mortgage and SME financing guarantee businesses. Life insurance includes annuity business. Asset purchase and servicing include loan acquisition business and other activities such as debt issuance.

The following tables represent revenue, profit and other information for operating segments of the Group.

		购买资产及 供款管理服务 Asset purchase and servicing 千港元 HK\$'000	一般保险 General insurance 千港元 HK\$'000	人寿保险 Life insurance 千港元 HK\$'000	分部间对销 Inter- segment elimination 千港元 HK\$'000	总计 Total 千港元 HK\$'000
截至二零一九年十二月三十一日止年度 Year ended 31 December 2019						
净利息收入	Net interest income	446,493	78,069	(571)	-	523,991
净保险业务业绩	Net insurance business results	-	215,189	(387,458)	-	(172,269)
其他收入	Other income	181,229	58,426	406,869	(181,127)	465,397
经营收入	Operating income	627,722	351,684	18,840	(181,127)	817,119
经营支出	Operating expenses	(325,179)	(189,259)	(146,340)	181,127	(479,651)
未计减值前的经营溢利	Operating profit before impairment	302,543	162,425	(127,500)	-	337,468
减值(拨备)/回拨	(Charge)/write-back of impairment allowances	(1,047)	111	2	-	(934)
除税前溢利	Profit before taxation	301,496	162,536	(127,498)	-	336,534

		购买资产及 供款管理服务 Asset purchase and servicing 千港元 HK\$'000	一般保险 General insurance 千港元 HK\$'000	人寿保险 Life insurance 千港元 HK\$'000	分部间对销 Inter- segment elimination 千港元 HK\$'000	总计 Total 千港元 HK\$'000
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截至二零一八年十二月三十一日止年度 Year ended 31 December 2018

净利息收入	Net interest income	438,904	95,264	2,041	–	536,209
净保险业务业绩	Net insurance business results	–	243,509	(549,885)	–	(306,376)
其他收入	Other income	162,269	34	184,952	(97,622)	249,633
经营收入	Operating income	601,173	338,807	(362,892)	(97,622)	479,466
经营支出	Operating expenses	(240,840)	(166,087)	(103,083)	97,622	(412,388)
未计减值前的经营溢利	Operating profit before impairment	360,333	172,720	(465,975)	–	67,078
减值回拨/(拨备)	Write back/(charge) of impairment allowances	153	(280)	(7)	–	(134)
除税前溢利	Profit before taxation	360,486	172,440	(465,982)	–	66,944

		购买资产及 供款管理服务 Asset purchase and servicing 千港元 HK\$'000	一般保险 General insurance 千港元 HK\$'000	人寿保险 Life insurance 千港元 HK\$'000	分部间对销 Inter- segment elimination 千港元 HK\$'000	总计 Total 千港元 HK\$'000
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于二零一九年十二月三十一日	As at 31 December 2019					
分部资产	Segment assets	52,762,384	6,962,673	10,012,074	(2,230,797)	67,506,334
分部负债	Segment liabilities	45,287,877	3,674,381	5,538,282	(2,230,797)	52,269,743

		购买资产及 供款管理服务 Asset purchase and servicing 千港元 HK\$'000	一般保险 General insurance 千港元 HK\$'000	人寿保险 Life insurance 千港元 HK\$'000	分部间对销 Inter- segment elimination 千港元 HK\$'000	总计 Total 千港元 HK\$'000
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于二零一八年十二月三十一日	As at 31 December 2018					
分部资产	Segment assets	49,699,136	5,008,698	8,008,883	(235,148)	62,481,569
分部负债	Segment liabilities	42,550,765	1,863,272	3,408,971	(235,148)	47,587,860

6. 利息收入

6. Interest income

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
贷款组合	Loan portfolio	171,599	162,583
现金及短期资金	Cash and short-term funds	701,329	557,744
证券投资	Investment securities	597,551	509,383
		1,470,479	1,229,710

7. 利息支出

7. Interest expense

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
银行借款及已发行债务证券	Bank loans and debt securities issued	836,054	607,367
租赁负债	Lease liabilities	1,806	—
其他	Others	108,628	86,134
		946,488	693,501

本年度利息支出包括9.44亿港元(二零一八年：6.91亿港元)并非以公平值变化计入损益的金融负债。

Included within interest expenses are HK\$944 million (2018: HK\$691 million) for financial liabilities that are not at fair value through profit or loss.

8. 保险业务的收益帐

8. Revenue account for insurance business

		2019			2018		
		一般保险 General insurance 千港元 HK\$'000	人寿保险 Life insurance 千港元 HK\$'000	总计 Total 千港元 HK\$'000	一般保险 General insurance 千港元 HK\$'000	人寿保险 Life insurance 千港元 HK\$'000	总计 Total 千港元 HK\$'000
毛保费 (附注及附注 25(a)(i))	Gross premiums written (Note and Note 25(a)(i))	542,438	1,630,827	2,173,265	634,757	2,780,240	3,414,997
再保险保费 (附注 25(a)(i))	Reinsurance premiums (Note 25(a)(i))	(76,223)	–	(76,223)	(69,018)	–	(69,018)
保险费净额 (附注 25(a)(i))	Net premiums written (Note 25(a)(i))	466,215	1,630,827	2,097,042	565,739	2,780,240	3,345,979
未到期保费的变动净额	Movement in unearned premiums, net	(109,392)	–	(109,392)	(188,327)	–	(188,327)
已到期保费净额 (附注 25(a)(i))	Net premiums earned (Note 25(a)(i))	356,823	1,630,827	1,987,650	377,412	2,780,240	3,157,652
申索产生净额、已付利益及 保单持有人负债变动 (附注 25(a)(ii) 及附注 25(b)(i))	Net claims incurred, benefits paid and movement in policyholders' liabilities (Note 25(a)(ii) and Note 25(b)(i))	(3,444)	(2,018,114)	(2,021,558)	(3,392)	(3,317,645)	(3,321,037)
拨备后已到期保费净额	Net premiums earned after provisions	353,379	(387,287)	(33,908)	374,020	(537,405)	(163,385)
佣金支出	Commission expenses	(163,487)	(52)	(163,539)	(154,121)	(12,268)	(166,389)
征费支出	Levy expenses	–	(119)	(119)	–	(212)	(212)
再保险公司承担的佣金支出	Reinsurers' share of commission expenses	25,297	–	25,297	23,610	–	23,610
佣金支出净额及征费支出	Net commission and levy expenses	(138,190)	(171)	(138,361)	(130,511)	(12,480)	(142,991)
扣除佣金及征费支出后 已到期保费净额	Net premiums earned after commission and levy expenses	215,189	(387,458)	(172,269)	243,509	(549,885)	(306,376)

附注：

就一般保险业务而言，毛保费主要来自按揭及安老按揭贷款保险业务。

Note:

For general insurance business, gross premiums were mainly derived from mortgage insurance cover on mortgage loans and on reverse mortgage loans.

9. 其他收入

9. Other income

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
来自外汇基金存款的收益	Income from placements with the Exchange Fund	464,693	184,934
提早还款费用及过期罚款	Early prepayment fees and late charges	396	384
汇兑差额	Exchange difference	(37,592)	12,335
金融工具公平值变动净额	Net change in fair value of financial instruments	(11,936)	11,840
以公平值变化计入损益的投资收益／(亏损)净额	Net gain/(losses) on investments at fair value through profit or loss	33,037	(13,500)
出售以公平值变化计入其他全面收益的投资收益净额	Net gain on disposal of investments at FVOCI	75	—
出售按摊销成本列帐的投资收益净额	Net gain on disposal of investments at amortised cost	—	192
上市投资的股息收入	Dividend income from listed investments	20,019	58,626
其他	Others	(3,295)	(5,178)
		465,397	249,633

金融工具公平值变动相当于以下各项的总和：(i) 指定为公平值对冲的对冲工具公平值亏损 1,500 万港元(二零一八年：3.24 亿港元)及对冲项目公平值收益 1,400 万港元(二零一八年：3.25 亿港元)；及(ii) 不符合采用对冲会计方法的衍生工具公平值亏损 1,400 万港元(二零一八年：700 万港元收益)及指定为以公平值变化计入损益的已发行债务证券公平值收益 300 万港元(二零一八年：400 万港元)。

Change in fair value of financial instruments represented the aggregate of (i) HK\$15 million fair value loss on hedging instruments designated as fair value hedge (2018: HK\$324 million) and HK\$14 million fair value gain on the hedged items (2018: HK\$325 million); and (ii) HK\$14 million fair value loss on derivatives not qualified as hedges for accounting purposes (2018: HK\$7 million gain) and HK\$3 million fair value gain on debt securities issued designated as at fair value through profit or loss (2018: HK\$4 million).

10. 经营支出

10. Operating expenses

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
雇员成本：	Staff costs:		
— 薪金及福利	— Salaries and benefits	272,804	237,081
— 退休金成本	— Pension costs		
— 界定供款计划	— defined contribution plans	15,619	13,576
办公室：	Premises:		
— 租金(附注)	— Rental (Note)	—	49,845
— 其他	— Others	10,284	9,123
董事袍金	Directors' fees	—	—
就董事参与公司	Emoluments in respect of directors'		
管理事务的其他服务	other services in connection with		
而付予之酬金：	the management of the affairs		
	of the Company:		
— 薪金、津贴及花红	— Salaries, allowances and bonus	6,761	6,367
— 为退休计划所作之供款	— Retirement scheme contributions	654	633
折旧(附注22)	Depreciation (Note 22)		
— 使用权资产(附注)	— right-of-use assets (Note)	53,877	—
— 其他固定资产	— other fixed assets	27,160	19,371
财经资讯服务	Financial information services	10,962	8,259
顾问费	Consultancy fees	19,237	17,248
市场推广及广告支出	Marketing and advertising expenses	32,954	21,294
其他经营支出	Other operating expenses	29,339	29,591
		479,651	412,388

附注：

本集团已采纳香港财务报告准则第16号，对以往根据香港会计准则第17号被分类为经营租赁的租赁，通过确认于二零一九年一月一日的使用权资产之期初结余。(附注2.1(a))。

Note:

The Group has adopted HKFRS 16 and adjusted the opening balances as at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17 (Note 2.1(a)).

11. 核数师酬金

11. Auditor's remuneration

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
核数师酬金：	Auditor's remuneration:		
— 审核服务	— Audit services	3,552	3,215
— 其他服务	— Other services	1,710	1,349
		5,262	4,564

12. 减值拨备

12. Charge of impairment allowances

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
贷款减值拨备／(回拨)：	Charge/(write-back) of loan impairment allowances:		
— 现金及短期资金(附注3.2(b))	— Cash and short-term funds (Note 3.2(b))	53	(95)
— 证券投资	— Investment securities		
— 按摊销成本列帐	— amortised cost (Note 3.2(c)(i))	13	197
— 以公允价值变化计入其他全面收益(附注3.2(c)(ii))	— FVOCI (Note 3.2(c)(ii))	(46)	14
— 贷款组合(附注3.2(a))	— Loan portfolio (Note 3.2(a))	914	18
		934	134

13. 税项

(a) 综合收益表内的税项为：

13. Taxation

(a) Taxation in the consolidated income statement represents:

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
香港利得税	Hong Kong profits tax		
— 当期税项	— Current tax	17,811	17,987
— 过往年度调整	— Adjustment in respect of prior years	2,566	(30)
		20,377	17,957
递延税项	Deferred taxation		
— 本年度退回	— Credit for current period	(1,304)	(77,571)
		19,073	(59,614)

就本期间产生的估计应课税溢利按16.5%(二零一八年：16.5%)的税率计提香港利得税拨备。递延税项以负债法按16.5%(二零一八年：16.5%)的主要税率计算全部的暂时差额。

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profit for the period. Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 16.5% (2018: 16.5%).

本集团的除税前溢利的税项与采用香港税率计算的理论金额的差异如下：

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
除税前溢利	Profit before taxation	336,534	66,944
按16.5%(二零一八年：16.5%)的税率计算	Calculated at a taxation rate of 16.5% (2018: 16.5%)	55,528	11,046
税务影响：	Tax effect of:		
— 毋须缴税的收入	— income not subject to taxation	(181,027)	(157,438)
— 不可扣税的开支	— expenses not deductible for taxation purposes	114,813	86,808
— 未确认税务亏损	— tax losses not recognised	8,169	—
— 过往年度调整	— adjustment in respect of prior years	2,566	(30)
— 其他	— other	19,024	—
税项支出/(退回)	Taxation charge/(credit)	19,073	(59,614)

(b) 财务状况表内的税项拨备为：

(b) Provision for taxation in the statement of financial position represents:

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
递延税项资产	Deferred tax assets	79,170	77,866
当期税项负债	Current tax liabilities	123,115	104,077

于二零一九年十二月三十一日及二零一八年十二月三十一日，并无任何重大未拨备递延税项。

There was no significant unprovided deferred taxation as at 31 December 2019 and 31 December 2018.

递延税项(资产)/负债的主要组成部分及年内变动如下：

The major components of deferred tax (assets)/liabilities and the movements during the year are as follows:

		加速税项折旧 Accelerated tax depreciation 千港元 HK\$'000	减值拨备 Impairment allowances and provisions 千港元 HK\$'000	税务亏损 Tax losses 千港元 HK\$'000	总额 Total 千港元 HK\$'000
于二零一八年一月一日	As at 1 January 2018	3,366	(3,661)	—	(295)
于收益表内扣除/(存入)	Charged/(credited) to income statement	603	(964)	(77,210)	(77,571)
于二零一八年十二月三十一日	As at 31 December 2018	3,969	(4,625)	(77,210)	(77,866)
于收益表内扣除/(存入)	Charged/(credited) to income statement	4,240	(107)	(5,437)	(1,304)
于二零一九年十二月三十一日	As at 31 December 2019	8,209	(4,732)	(82,647)	(79,170)

递延税项资产只限于有足够未来应课税溢利可供变现的情况下才会确认。未动用税务亏损可无限期结转。

Deferred tax assets are recognised to the extent that sufficient future taxable profits will be available for realisation. The unused tax losses can be carried forward indefinitely.

于十二个月内，无任何重大递延税项资产/负债需要结算。

There is no significant amount of deferred tax assets/liabilities to be settled within twelve months.

14. 现金及短期资金

14. Cash and short-term funds

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
银行现金	Cash at banks	74,244	196,590
银行定期存款	Time deposits with banks	27,834,939	29,195,211
现金及短期资金总额	Gross cash and short-term funds	27,909,183	29,391,801
现金及短期资金的减值拨备 (附注 3.2(b))	Impairment allowance on cash and short-term funds (Note 3.2 (b))	(999)	(946)
		27,908,184	29,390,855

就现金流量表而言，现金及等同现金项目包括以下自交易日期起计三个月内到期的结余。

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following balances with less than three months' maturity from the date of transaction.

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
银行现金	Cash at banks	74,244	196,590
银行定期存款	Time deposits with banks	11,882,939	14,581,211
现金及等同现金项目	Cash and cash equivalents	11,957,183	14,777,801

15. 应收利息及汇款

15. Interest and remittance receivables

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
以下各项的应收利息：	Interest receivable from:		
— 利率掉期合约	— interest rate swap contracts	254,305	161,582
— 证券投资	— investment securities	140,873	135,392
— 银行定期存款	— time deposits with banks	90,816	99,291
贷款组合的应收利息及 分期付款	Interest receivable and instalments, in transit from loan portfolio	32,697	41,654
		518,691	437,919

16. 衍生金融工具

(a) 衍生工具的应用

本集团应用下列衍生工具对冲本集团的金融风险。

货币远期合约为在未来日期以预先指定的汇率购买或出售外币的承诺。货币及利率掉期为以一组现金流量换取另一组现金流量的承诺。掉期导致货币或利率或两者组合的转换。除若干货币掉期外，该等交易不涉及转换本金。本集团的信贷风险为交易对手未能履行其责任而重置掉期合约的潜在成本。本集团根据审慎的库务交易对手风险管理机制，持续监测有关风险。

若干种类金融工具的名义金额，为于综合财务状况表确认的工具提供一个比较的基准，惟未必反映涉及的未来现金流量的金额或工具当前的公平值，因此，并不能反映本集团面临的信贷或价格风险。随著市场利率及汇率相对其条款的波动，衍生工具可能对本集团产生有利(资产)或不利(负债)的影响。衍生金融工具的合约或名义金额总额、上述有利或不利影响幅度，及衍生工具金融资产及负债之公平总值，可能不时大幅波动。所持有的衍生工具公平值载于下文。

16. Derivative financial instruments

(a) Use of derivatives

The Group uses the following derivative instruments to hedge the Group's financial risks.

Currency forwards are commitment to purchase or sell foreign currency at a pre-specified exchange rate on a future date. Currency and interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an exchange of currencies or interest rates or a combination of all these. No exchange of principal takes place except for certain currency swaps. The Group's credit risk represents the potential cost to replace the swap contracts if counterparties fail to perform their obligations. This risk is monitored on an ongoing basis under a prudent treasury counterparty risk management framework.

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the consolidated statement of financial position but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amounts of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable, and thus the aggregate fair values of derivative financial assets and liabilities, can fluctuate significantly from time to time. The fair values of derivative instruments held are set out below.

17. 贷款组合净额

(a) 贷款组合减拨备

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
住宅按揭贷款组合	Residential mortgage portfolio	4,910,217	6,179,353
非按揭贷款组合	Non-mortgage portfolio		
基建贷款	Infrastructure loans	1,817,052	—
融资租约应收帐款及其他	Finance lease receivables and others	202,364	263,377
		6,929,633	6,442,730
贷款减值拨备(附注3.2(a))	Allowance for loan impairment (Note 3.2(a))	(1,588)	(666)
		6,928,045	6,442,064

贷款减值拨备总额占贷款组合尚未偿还本金结余的百分比如下：

Total allowance for loan impairment as a percentage of the outstanding principal balances of the loan portfolio is as follows:

		2019	2018
贷款减值拨备总额占贷款组合总额的百分比	Total allowance for loan impairment as a percentage of the gross loan portfolio	0.023%	0.010%

作出贷款减值拨备时，已考虑抵押品的目前市值。

Allowance for loan impairment has been made after taking into account the current market value of the collateral.

		2019	2018
减值贷款组合总额占贷款组合总额的百分比	Gross impaired loan portfolio as a percentage of gross loan portfolio	0.011%	0.007%

(b) 贷款组合内的融资租赁投资
净额

(b) Net investments in finance leases included in loan
portfolio

		2019		
		最低应收租约 款项现值 Present value of minimum lease payments receivable 千港元 HK\$'000	未来期间的 利息收入 Interest income relating to future periods 千港元 HK\$'000	最低应收租约 款项总额 Total minimum lease payments receivable 千港元 HK\$'000
应收款项：	Amounts receivable:			
— 一年内	— within one year	21,004	3,829	24,833
— 一年后至五年内	— after one year but within five years	67,048	11,504	78,552
— 五年后	— after five years	104,977	11,238	116,215
		193,029	26,571	219,600

		2018		
		最低应收租约 款项现值 Present value of minimum lease payments receivable 千港元 HK\$'000	未来期间的 利息收入 Interest income relating to future periods 千港元 HK\$'000	最低应收租约 款项总额 Total minimum lease payments receivable 千港元 HK\$'000
应收款项：	Amounts receivable:			
— 一年内	— within one year	25,533	5,341	30,874
— 一年后至五年内	— after one year but within five years	85,546	16,329	101,875
— 五年后	— after five years	142,565	17,318	159,883
		253,644	38,988	292,632

本集团没有就融资租约应收帐款作出
贷款减值拨备。

No allowance for loan impairment has been provided for
finance lease receivable.

18. 证券投资

(a) 以公允价值变化计入其他全面收益的证券投资

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
按公允价值列帐的债务证券	Debt securities at fair value		
于香港上市	Listed in Hong Kong	1,101,818	587,702
于香港境外上市	Listed outside Hong Kong	2,011,352	2,128,745
非上市	Unlisted	1,807,232	2,375,217
以公允价值变化计入其他全面收益的证券总额	Total FVOCI securities	4,920,402	5,091,664

以公允价值变化计入其他全面收益的证券包括债务证券，其中合约现金流量仅为本金及利息，而本集团持有此类债务证券之业务模式的目标则通过收取合约现金流量及出售金融资产而实现。

按发行机构类别分析以公允价值变化计入其他全面收益的证券如下：

FVOCI securities comprise debt securities where the contractual cash flows are solely principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets.

FVOCI securities are analysed by categories of issuers as follows:

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
银行及其他金融机构	Banks and other financial institutions	3,941,969	4,266,072
公司企业	Corporate entities	822,285	795,487
公营机构	Public sector entities	—	30,105
中央政府	Central governments	156,148	—
		4,920,402	5,091,664

以公允价值变化计入其他全面收益的证券的变动概述如下：

The movement in FVOCI securities is summarised as follows:

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
于一月一日	As at 1 January	5,091,664	5,480,912
增加	Additions	1,679,612	1,307,246
出售及赎回	Sale and redemption	(1,846,295)	(1,693,196)
摊销	Amortisation	(645)	(2,534)
公允价值变动	Change in fair value	13,610	(7,182)
外币汇兑差额	Exchange difference	(17,544)	6,418
于十二月三十一日	As at 31 December	4,920,402	5,091,664

有关减值、信贷质素及本集团信贷风险的资料于附注3.2(c)披露。

Information on the impairment, credit quality and the Group's exposure to credit risk are disclosed in Note 3.2(c).

(b) 以公允价值变化计入损益的证券投资

(b) Investment securities at FVPL

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
按公允价值列帐的交易所买卖基金及房地产投资信托基金于香港上市	Exchange-traded funds and real estate investment trusts at fair value Listed in Hong Kong	378,803	543,612
以公允价值变化计入损益的证券总额	Total FVPL securities	378,803	543,612

本集团将不符合按摊销成本计量或以公允价值变化计入其他全面收益标准的交易所买卖基金及房地产投资信托基金等其他证券投资分类为以公允价值变化计入损益。

The Group classifies other investment securities in exchange-traded funds and real estate investments trusts at FVPL, which do not qualify for measurement at either amortised cost or FVOCI.

以公允价值变化计入损益的证券的变动
概述如下：

The movement in FVPL securities is summarised as follows:

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
于一月一日	As at 1 January	543,612	1,657,750
增加	Additions	–	16,644
出售	Sale	(193,052)	(1,096,226)
公允价值变动	Change in fair value	28,288	(35,278)
外币汇兑差额	Exchange difference	(45)	722
于十二月三十一日	As at 31 December	378,803	543,612

(c) 按摊销成本列帐的证券投资

(c) Investment securities at amortised cost

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
按摊销成本列帐的债务证券	Debt securities at amortised cost		
于香港上市	Listed in Hong Kong	7,270,898	6,317,348
于香港境外上市	Listed outside Hong Kong	2,193,184	2,106,090
		9,464,082	8,423,438
非上市	Unlisted	2,571,879	3,124,837
按摊销成本列帐的证券	Gross investment securities at		
投资总额	amortised cost	12,035,961	11,548,275
按摊销成本列帐的证券投资的	Impairment allowance on investment		
减值拨备(附注3.2(c)(i))	securities at amortised cost	(1,455)	(1,442)
	(Note 3.2(c)(i))		
按摊销成本列帐的证券总额	Total amortised costs securities	12,034,506	11,546,833

本集团仅于同时符合以下标准之情况
时，方会将证券投资分类为按摊销成
本列帐：

The Group classifies investment securities as at amortised
cost only if both of the following criteria are met:

- 业务模式的目标为持有资产以收取合约现金流量；及
- the asset is held within a business model with the objective of collecting the contractual cash flows, and
- 根据合约条款在指定日期的现金流量乃全数用于支付本金和未偿还本金的利息。
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

按发行机构类别分析按摊销成本列帐的证券如下：

Amortised cost securities are analysed by categories of issuers as follows:

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
银行及其他金融机构	Banks and other financial institutions	4,064,177	5,075,984
公司企业	Corporate entities	6,270,963	4,904,367
公营机构	Public sector entities	358,587	540,768
中央政府	Central governments	1,342,234	1,027,156
		12,035,961	11,548,275

按摊销成本列帐的证券的变动概述如下：

The movement in amortised cost securities is summarised as follows:

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
于一月一日	As at 1 January	11,548,275	10,347,834
增加	Additions	2,176,283	1,855,361
出售及赎回	Sales and redemption	(1,631,368)	(653,843)
摊销	Amortisation	(5,492)	(11,141)
外币汇兑差额	Exchange difference	(51,737)	10,064
于十二月三十一日	As at 31 December	12,035,961	11,548,275

19. 外汇基金存款

本集团已将年金公司及按证保险公司的外汇基金存款分类为以公允价值变化计入损益的金融资产。于二零一九年十二月三十一日，外汇基金存款结余为129亿港元(二零一八年：77亿港元)，包括本金总额为122亿港元(二零一八年：76亿港元)加上于呈报日已赚取及已累计但尚未提取的收入。

外汇基金存款投资于外汇基金的投资组合及长期增长组合，并受锁定投资期限限制。外汇基金存款回报率按年厘定。就投资组合而言，回报率乃根据投资组合过去六年的年均回报率或上年度三年期政府债券的年均收益率(下限为0%)计算，以较高者为准。就长期增长组合而言，回报率乃根据本年度时间加权回报率厘定。

19. Placements with the Exchange Fund

The Group has classified the placements of the HKMCA and the HKMCI with the Exchange Fund as financial assets at fair value through profit or loss. As at 31 December 2019, the balance of the placements with the Exchange Fund amounted to HK\$12.9 billion (2018: HK\$7.7 billion), comprising a total principal sum of HK\$12.2 billion (2018: HK\$7.6 billion) plus income earned and accrued but not yet withdrawn as at the reporting date.

The placements with the Exchange Fund are invested in the Investment Portfolio and Long-Term Growth Portfolio of the Exchange Fund, subject to a lock-up period. The rate of return on the placements with the Exchange Fund is determined annually. For Investment Portfolio, the rate of return is calculated on the basis of the average annual rate of return on the portfolio over the past six years or the average annual yield of three-year Government Bond in the previous year (subject to a minimum of zero percent), whichever is the higher. With respect to the Long-Term Growth Portfolio, the rate of return is determined based on the current year time-weighted rate of return.

20. 附属公司投资

于二零一九年十二月三十一日，本公司的附属公司详情如下：

20. Interests in subsidiaries

Details of the subsidiaries of the Company as at 31 December 2019 are as follows:

名称 Name	注册成立地点 Place of incorporation	主要业务 Principal activities	已发行及缴足股份详情 (股份类别) Particulars of issued and fully paid up share capital (Class of shares)	由公司 (或其代名人) 所持的股份 Percentage of shares held by the Company (or its nominee)	由公司的 附属公司 (或其代名人) 所持股份的 百分率 Percentage of shares held by the Company's subsidiary (or its nominee)
香港按揭管理有限公司 HKMC Mortgage Management Limited	香港 Hong Kong	购入及管理按揭贷款、为小型 贷款融资、及安老按揭贷款的 贷款安排 Mortgage purchase and servicing, funding of microfinance loans, and origination of reverse mortgage loans	1,000,000港元(普通股) HK\$1,000,000 (Ordinary)	100%	不适用 N/A
香港按证保险有限公司 HKMC Insurance Limited	香港 Hong Kong	一般保险业务 General insurance business	3,000,000,000港元(普通股) HK\$3,000,000,000 (Ordinary)	100%	不适用 N/A
香港年金有限公司 HKMC Annuity Limited	香港 Hong Kong	长期保险业务 Long term insurance business	5,000,000,000港元(普通股) HK\$5,000,000,000 (Ordinary)	100%	不适用 N/A
香港按揭证券融资(第一)有限公司* HKMC Funding Corporation (1) Limited*	香港 Hong Kong	并无商业活动 No business activity	1,000港元(普通股) HK\$1,000 (Ordinary)	不适用 N/A	不适用 N/A
Bauhinia MBS Limited*	开曼群岛 Cayman Islands	并无商业活动 No business activity	1,000美元(普通股) US\$1,000 (Ordinary)	不适用 N/A	不适用 N/A
香港按揭信贷保证有限公司 HKMC Credit & Guarantee Corporation Limited	香港 Hong Kong	不活动状态 Dormant	1港元(普通股) HK\$1 (Ordinary)	不适用 N/A	100%
Hong Kong Mortgage Credit & Guarantee Corporation Limited	香港 Hong Kong	不活动状态 Dormant	1港元(普通股) HK\$1 (Ordinary)	不适用 N/A	100%
HKMC Premier Solutions Limited^	香港 Hong Kong	提供营销及业务发展服务 Provision of marketing and business development services	100港元(普通股) HK\$100 (Ordinary)	不适用 N/A	100%

* 根据香港《公司条例》附表1，这些公司被定义为附属企业。这些公司为经营由本公司担保的按揭证券化计划而成立，而本公司并没有持有这些公司的股份。

* These companies are subsidiary undertakings as defined in Schedule 1 to the Hong Kong Companies Ordinance and the Company does not hold shares in these companies which are set up for the operation of mortgage-backed securitisation programme guaranteed by the Company.

^ 该公司于二零一九年四月注册成立。

^ The company was incorporated in April 2019.

21. 预付款项、按金及其他资产

21. Prepayments, deposits and other assets

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
公司会籍债券	Corporate club debentures	830	750
信贷支持附件应收款项	CSA receivable	72,853	137,483
在呈报日后结算的已发行证券的应收款项	Receivables from securities issued for settlement after the reporting date	1,002,223	488,021
其他应收款项	Other receivable	227,891	172,306
其他资产	Other assets	33,552	30,931
		1,337,349	829,491

22. 固定资产

22. Fixed assets

		自用租赁物业 的使用权资产 Right-of- use assets on leased properties for own use 千港元 HK\$'000	租赁物业装修 Leasehold improvement 千港元 HK\$'000	办公设备、 家具及装备 Office equipment, furniture and fixtures 千港元 HK\$'000	电脑 Computers 千港元 HK\$'000	汽车 Motor vehicle 千港元 HK\$'000	总额 Total 千港元 HK\$'000
于二零一八年一月一日	Net book amount as at 1 January 2018						
帐面净额		–	11,553	882	21,776	118	34,329
添置	Additions	–	7,961	4,228	26,619	–	38,808
折旧	Depreciation charge	–	(5,579)	(1,074)	(12,630)	(88)	(19,371)
于二零一八年十二月三十一日	Net book amount as at 31 December 2018	–	13,935	4,036	35,765	30	53,766
采纳香港财务报告准则第16号的变动	Changes on adoption of HKFRS 16	105,090	(5,782)	–	–	–	99,308
于二零一九年一月一日	Net book amount as at 1 January 2019	105,090	8,153	4,036	35,765	30	153,074
添置	Additions	–	6,508	1,484	30,345	–	38,337
撤销	Written off	–	(362)	(148)	–	–	(510)
折旧(附注10)	Depreciation charge (Note 10)	(53,877)	(4,898)	(1,693)	(20,539)	(30)	(81,037)
于二零一九年十二月三十一日	Net book amount as at 31 December 2019	51,213	9,401	3,679	45,571	–	109,864
于二零一九年十二月三十一日	As at 31 December 2019						
成本值	Cost	105,090	44,818	14,014	248,700	775	413,397
累计折旧	Accumulated depreciation	(53,877)	(35,417)	(10,335)	(203,129)	(775)	(303,533)
帐面净额	Net book amount	51,213	9,401	3,679	45,571	–	109,864
于二零一八年十二月三十一日	As at 31 December 2018						
成本值	Cost	–	47,755	12,759	218,355	775	279,644
累计折旧	Accumulated depreciation	–	(33,820)	(8,723)	(182,590)	(745)	(225,878)
帐面净额	Net book amount	–	13,935	4,036	35,765	30	53,766

23. 应付利息

23. Interest payable

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
以下各项的应付利息：	Interest payable from:		
— 已发行债务证券	— debt securities issued	320,288	229,577
— 利率掉期合约	— interest rate swap contracts	44,345	20,088
— 其他负债	— other liabilities	8,241	7,803
		372,874	257,468

24. 应付帐项、应付开支及其他负债

24. Accounts payable, accrued expenses and other liabilities

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
应付帐项及应付开支	Accounts payable and accrued expenses	291,494	248,121
其他负债	Other liabilities	4,866,088	4,762,799
租赁负债	Lease liabilities	45,773	—
其他拨备	Other provision	57,862	50,759
		5,261,217	5,061,679

其他负债是指中小企融资担保计划下的特别优惠措施所收到的担保费及拨款(已扣除申索及相关开支)379,717,000港元(二零一八年:370,511,000港元)(附注31),与及指用于二零零三年十二月及二零零四年一月自政府购买的按揭贷款信贷安排加强措施的递延代价4,486,371,000港元(二零一八年:4,392,288,000港元)。于二零一九年,租赁现金流出总额为53,198,000港元。

Other liabilities represented the guarantee fee and fund received (net of claims and related expenses) of HK\$379,717,000 (2018: HK\$370,511,000) under the special concessionary measures of the SME Financing Guarantee Scheme (Note 31) and the deferred consideration of HK\$4,486,371,000 (2018: HK\$4,392,288,000) used for credit enhancement on the mortgage loans purchased from the Government in December 2003 and January 2004. The total cash outflow for leases in 2019 was HK\$53,198,000.

25. 保险负债及再保险资产

25. Insurance liabilities and reinsurance assets

		2019			2018		
		毛额	再保险	净额	毛额	再保险	净额
		Gross	Reinsurance	Net	Gross	Reinsurance	Net
		千港元	千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
一般保险业务：	General insurance:						
未到期保费及担保费用拨备	Provision for unearned premiums and guarantee fees	1,435,165	201,784	1,233,381	1,290,372	166,383	1,123,989
未决申索拨备：	Provision for outstanding claims:						
— 已申报/(已收回)申索	— claims reported/(recovery)	1,895	389	1,506	2,236	(1)	2,237
— 已产生但未申报申索	— claims incurred but not reported	37,096	6,818	30,278	30,236	5,136	25,100
		38,991	7,207	31,784	32,472	5,135	27,337
人寿保险：	Life insurance:	1,474,156	208,991	1,265,165	1,322,844	171,518	1,151,326
保单持有人负债	Policyholders' liabilities	5,027,483	—	5,027,483	3,284,529	—	3,284,529
		6,501,639	208,991	6,292,648	4,607,373	171,518	4,435,855

(a) 一般保险业务

(a) General insurance

- (i) 未到期保费及担保费用拨备变动分析如下

- (i) Analysis of movement in provision for unearned premiums and guarantee fees

		2019			2018		
		毛额	再保险	净额	毛额	再保险	净额
		Gross	Reinsurance	Net	Gross	Reinsurance	Net
		千港元	千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
于一月一日	As at 1 January	1,290,372	166,383	1,123,989	1,095,805	160,143	935,662
已收取保费(附注8)	Premiums written (Note 8)	542,438	76,223	466,215	634,757	69,018	565,739
已到期保费(附注8)	Premiums earned (Note 8)	(397,645)	(40,822)	(356,823)	(440,190)	(62,778)	(377,412)
于十二月三十一日	As at 31 December	1,435,165	201,784	1,233,381	1,290,372	166,383	1,123,989

(ii) 未决申索拨备变动分析如下

(ii) Analysis of movement in provision for outstanding claims

		2019			2018		
		毛额	再保险	净额	毛额	再保险	净额
		Gross	Reinsurance	Net	Gross	Reinsurance	Net
		千港元	千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
于一月一日	As at 1 January	32,472	5,135	27,337	34,345	4,458	29,887
已付申索	Claims paid	(2,446)	(698)	(1,748)	(7,556)	—	(7,556)
已收回申索	Claims recovery	3,044	293	2,751	1,908	294	1,614
已产生/(回拨)申索(附注8):	Claims incurred/(written back) (Note 8):						
一已申报申索	— claims reported	(939)	795	(1,734)	749	(488)	1,237
一已产生但未申报申索	— claims incurred but not reported	6,860	1,682	5,178	3,026	871	2,155
		5,921	2,477	3,444	3,775	383	3,392
于十二月三十一日	As at 31 December	38,991	7,207	31,784	32,472	5,135	27,337

(b) 人寿保险

(b) Life insurance

(i) 保单持有人负债变动分析

(i) Analysis of movement in policyholders' liabilities

		2019			2018		
		毛额	再保险	净额	毛额	再保险	净额
		Gross	Reinsurance	Net	Gross	Reinsurance	Net
		千港元	千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
于一月一日	As at 1 January	3,284,529	—	3,284,529	—	—	—
已付申索及已付利益	Claims and benefits paid	(275,160)	—	(275,160)	(33,116)	—	(33,116)
已产生申索及保单持有人	Claims incurred and movement in						
负债变动(附注8)	policyholders' liabilities (Note 8)	2,018,114	—	2,018,114	3,317,645	—	3,317,645
于十二月三十一日	As at 31 December	5,027,483	—	5,027,483	3,284,529	—	3,284,529

(ii) 主要假设及负债预订的方法

(ii) Key assumptions and reserving approach

对于长期保险合同，经济假设会持续检讨及更新。非经济假设亦至少每年检讨一次。

For long term insurance contracts, economic assumptions are continually reviewed and updated. Non-economic assumptions are reviewed at least annually.

根据公认精算原则及《保险业条例》内香港《保险业(长期负债厘定)规则》的规例，就个别人寿保险责任采用经修订定额净保费估值法进行估值，下限为退保现金价值。

Based on generally accepted actuarial principles and in accordance with the Hong Kong Insurance Companies (Determination of Long Term Liabilities) Rules of the Insurance Ordinance, the valuation of individual life liabilities was carried out using the Modified Net Level Premium Valuation method, subject to a minimum of the surrender value.

(iii) 非经济假设

死亡率

使用HKA01死亡率表(经死亡率改善及筛选负加调整)，并在最佳估计死亡率假设上为不利偏差计提15%的保费负加。

失效

根据《保险业条例》内香港《保险业(长期负债厘定)规则》第13条(即不就自愿中止计提拨备)。

重续支出

重续支出假设乃基于内部经验研究所得。

(iv) 估值利率基准

估值利率指现有资产收益率与于估值日期起计3年内及3年后购买的资产预期再投资收益率的加权比例。于估值日期起计3年内购买的资产再投资收益率，乃取当前资产的平均收益率与预期于估值日期起计3年后购买的资产再投资收益率的平均值得出。此方法符合香港《保险业(长期负债厘定)规则》的规例及香港精算学会提供的精算指引。估值利率为4%。

(iii) Non-economic assumptions

Mortality

HKA01 mortality table adjusted by mortality improvement and selection loading is used, with loading of 15% for provision for adverse deviations on top of best estimate mortality assumptions.

Lapse

In accordance with Section 13 of the Hong Kong Insurance Companies (Determination of Long Term Liabilities) Rules of the Insurance Ordinance (i.e. no allowance is made for the voluntary discontinuance).

Renewal expense

The renewal expense assumption is based on internal experience study.

(iv) Valuation interest basis

The valuation interest rate is the weighted proportion of yield on existing assets and reinvestment yield expected of assets bought within 3 years of valuation date and 3 years after valuation date. The reinvestment yield of assets bought within 3 years of valuation date is obtained by taking the average of yield on current assets and reinvestment yield of assets expected to be bought 3 years after valuation date. This methodology is in compliance with the Hong Kong Insurance Companies (Determination of Long Term Liabilities) Regulation and the actuarial guidance provided by the Actuarial Society of Hong Kong. The valuation interest rate is 4%.

26. 已发行债务证券

26. Debt securities issued

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
按摊销成本列帐的债务证券	Debt securities carried at amortised cost		
中期债券	MTN	10,308,191	14,540,716
按摊销成本列帐的债务证券总额	Total debt securities carried at amortised cost	10,308,191	14,540,716
指定为对冲项目并以公平值对冲的债务证券	Debt securities designated as hedged items under fair value hedge		
债务工具发行计划债券	DIP notes	1,733,270	1,808,922
中期债券	MTN	27,522,318	20,799,258
指定为对冲项目并以公平值对冲的债务证券总额	Total debt securities designated as hedged items under fair value hedge	29,255,588	22,608,180
指定为以公平值变化计入损益的债务证券	Debt securities designated as at fair value through profit or loss		
债务工具发行计划债券	DIP notes	147,184	143,981
指定为以公平值变化计入损益的债务证券总额	Total debt securities designated as at fair value through profit or loss	147,184	143,981
已发行债务证券总额	Total debt securities issued	39,710,963	37,292,877

年内没有发行(二零一八年：无)于初始确认时指定以公平值变化计入损益的债务证券。该等债务证券之公平值变动源于基准利率的改变。于初始确认时，指定为以公平值变化计入损益的金融负债帐面值，较本集团根据合约规定于到期时须向债券持有人支付的金额少36,816,000港元(二零一八年：40,019,000港元)。

该等指定为以公平值列帐的金融负债没有源自本集团之信贷风险变动引起任何重大盈亏。

During the year, no debt securities (2018: nil) were designated on initial recognition as at fair value through profit or loss. The fair value changes are attributable to changes in benchmark interest rates for the debt securities designated as at fair value through profit or loss. The carrying amount of the financial liabilities designated as at fair value through profit or loss upon initial recognition is HK\$36,816,000 (2018: HK\$40,019,000) lower than the amount that the Group would be contractually required to pay at maturity to the note holders.

There were no significant gains or losses attributable to changes in the credit risk of the Group for those financial liabilities designated as at fair value.

已发行债务证券的变动概述如下：

The movement in debt securities issued is summarised as follows:

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
于一月一日	As at 1 January	37,494,823	34,706,897
发行	Issuance	31,890,989	34,074,308
减：赎回	Less: Redemption	(29,474,462)	(31,289,536)
外币汇兑差额	Exchange difference	862	3,154
名义价值总额	Total nominal value	39,912,212	37,494,823
未摊销折让部分	Unamortised portion of discount	(74,974)	(92,638)
公平值调整	Fair value adjustment	(126,275)	(109,308)
于十二月三十一日	As at 31 December	39,710,963	37,292,877

本年度发行的债券：

Notes issued during the year comprise:

		中期债券 MTN 千港元 HK\$'000
已发行金额面值	Amount issued at nominal value	31,890,989
已收取款项	Consideration received	31,843,819

所有已发行的债务证券均属本集团无抵押责任，而发行该等债务证券旨在提供一般营运资金及作再融资用途。

All the debt securities issued are unsecured obligations of the Group, and are issued for the purposes of providing general working capital and refinancing.

27. 股本

27. Share capital

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
已发行及缴足：	Issued and fully paid:		
20亿股普通股	2 billion ordinary shares	7,000,000	7,000,000

股本变动概述如下：

The movement in share capital is summarised as follows:

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
于一月一日	As at 1 January	7,000,000	2,000,000
注资	Capital injection	—	5,000,000
于十二月三十一日	As at 31 December	7,000,000	7,000,000

28. 与有关连人士订立的重大交易

- (a) 本公司及其全资附属公司由政府经外汇基金所拥有(于二零一九年十月一日前阐述为由财政司司长以外汇基金管理人身份所拥有)。本集团与下列有关连人士订立以下重大交易：

与政府相关机构香港金管局的交易包括下列各项：

- (i) 本集团使用由香港金管局所营运的债务工具中央结算系统服务所提供托管及结算代理服务，并缴付费用总额200万港元(二零一八年：180万港元)给香港金管局，作为本年度使用该服务的费用；
- (ii) 本集团于本年度产生2,040万港元(二零一八年：1,780万港元)借调费，作为从香港金管局借调员工的费用；
- (iii) 本公司于本年度缴付60万港元(二零一八年：60万港元)予香港金管局，作为后备场所的服务费；
- (iv) 金融管理专员透过外汇基金向本公司提供300亿港元的循环信贷，于二零一九年十二月三十一日并无未偿还余额(二零一八年：无)；及
- (v) 金融管理专员透过外汇基金承诺向本公司注入额外资金高达200亿港元作为股本，以资助本公司向年金公司的额外注资，而本公司承诺倘年金公司的偿付能力充足率低于若干百分比，则向年金公司注入相应额外资金作为其股本。

28. Material related party transactions

- (a) The Company and its wholly-owned subsidiaries are owned by the Government for the account of the Exchange Fund (described before 1 October 2019 as Financial Secretary of Hong Kong as controller of the Exchange Fund). The Group entered into the following material transactions with the following related parties:

Transactions with the HKMA, a Government-related entity, included the following:

- (i) the Group subscribed to the custodian and clearing agent services provided by the Central Moneymarkets Unit Service operated by the HKMA and paid a total fee amount of HK\$2.0 million (2018: HK\$1.8 million) to the HKMA for such services during the year;
- (ii) the Group incurred a secondment fee of HK\$20.4 million (2018: HK\$17.8 million) for secondees from the HKMA during the year;
- (iii) the Company paid a back-up site service fee of HK\$0.6 million (2018: HK\$0.6 million) to the HKMA during the year;
- (iv) the Monetary Authority through the Exchange Fund provided the Company with a HK\$30 billion Revolving Credit Facility and there was no outstanding balance as at 31 December 2019 (2018: nil); and
- (v) the Monetary Authority through the Exchange Fund committed to inject additional funds up to HK\$20 billion into the Company as equity for the purpose of financing the Company's additional capital injection into the HKMCA and the Company committed to inject such additional funds into the HKMCA as equity if the solvency ratio of the HKMCA would fall below a certain percentage.

与政府的交易包括下列各项：

- (i) 于二零一九年概无向财政司司长法团购买按揭贷款(二零一八年：2.81亿港元)；及
- (ii) 本集团就其中小企业融资担保计划，提供以优惠的担保费水平及分别由政府支付的总贷款保证承担额各为1,000亿港元及330亿港元的八成及九成担保保障的两项贷款担保产品，详情载列于附注31。

与香港按揭管理有限公司(本公司的全资附属公司)的交易包括下列各项：

- (i) 本公司为香港按揭管理有限公司在按揭保险计划下所购入的贷款及安老按揭计划下的贷款安排提供资金，贷款之一般保险保障由按证保险公司提供；及
- (ii) 本公司(作为计划营运者)、香港按揭管理有限公司及各参与银行(作为贷款人)维持小型贷款计划项下的贷款参与协议，据此香港按揭管理有限公司将为全部或部分小型贷款提供资金。

Transactions with the Government included the following:

- (i) No mortgage loans were purchased from The Financial Secretary Incorporated in 2019 (2018: HK\$281 million); and
- (ii) the Group provided two loan guarantee products with 80% and 90% guarantee coverages respectively under its SME Financing Guarantee Scheme (**SFGS**) at a concessionary guarantee fee rate and up to respective total loan guarantee commitments of HK\$100 billion and HK\$33 billion reimbursable by the Government with details set out in Note 31.

Transactions with HKMC Mortgage Management Limited (**HMML**), a wholly-owned subsidiary of the Company, included the following:

- (i) the Company funded loan acquisition under the MIP and origination under the Reverse Mortgage Programme (**RMP**) by the HMML with general insurance covers from the HKMCI; and
- (ii) the Company as scheme operator, the HMML and various participating banks as loan originators maintained their loan participation agreements under the Microfinance Scheme pursuant to which the HMML would fund all or part of the microfinance loans.

与年金公司及按证保险公司(均为本公司的全资附属公司)的交易包括下列各项：

- (i) 本公司向年金公司提供最高达100亿港元的信贷以为年金公司的年金业务提供资金。年内的利息收入为370万港元(二零一八年：10万港元)，而于二零一九年十二月三十一日，尚未偿还本金结余及应计利息总额为4.253亿港元(二零一八年：3,510万港元)；
- (ii) 本公司与年金公司订立现金存款安排，以管理年金公司资本及正常业务营运过程中所产生的盈余资金。年内的利息开支为330万港元(二零一八年：210万港元)，而于二零一九年十二月三十一日，尚未偿还本金结余及应计利息总额为4,610万港元(二零一八年：4,400万港元)；
- (iii) 本公司向按证保险公司提供最高达20亿港元的信贷以为按证保险公司的业务营运提供资金。年内的利息收入为2,160万港元(二零一八年：无)，而于二零一九年十二月三十一日，尚未偿还本金结余及应计利息总额为15.216亿港元(二零一八年：无)；及
- (iv) 本公司与按证保险公司订立现金存款安排，以管理按证保险公司资本及正常业务营运过程中所产生的盈余资金。年内概无利息开支(二零一八年：1,360万港元)，而于二零一九年十二月三十一日与本公司并无现金存款结余(二零一八年：无)。

本公司于本年度内向其附属公司提供总部企业支援服务及资金筹措安排。该等交易的费用按公平基准厘定。

Transactions with the HKMCA and the HKMCI, both being wholly-owned subsidiaries of the Company, included the following:

- (i) the Company provided a facility up to HK\$10 billion to the HKMCA to fund the HKMCA's annuity business operation. The interest income therefrom was HK\$3.7 million during the year (2018: HK\$0.1 million) and the aggregate amount of the outstanding principal balance and the accrued interest as at 31 December 2019 was HK\$425.3 million (2018: HK\$35.1 million);
- (ii) the Company maintained a cash placement arrangement with the HKMCA for managing the capital and surplus funds generated in the normal course of business operation of the HKMCA. The interest expense thereon was HK\$3.3 million during the year (2018: HK\$2.1 million) and the aggregate amount of the outstanding principal balance and the accrued interest as at 31 December 2019 was HK\$46.1 million (2018: HK\$44 million);
- (iii) the Company provided a facility up to HK\$2 billion to the HKMCI to fund the HKMCI's business operation. The interest income therefrom was HK\$21.6 million during the year (2018: nil) and the aggregate amount of the outstanding principal balance and the accrued interest as at 31 December 2019 was HK\$1,521.6 million (2018: nil); and
- (iv) the Company maintained a cash placement arrangement with the HKMCI for managing the capital and surplus funds generated in the normal course of business operation of the HKMCI. There was no interest expense during the year (2018: HK\$13.6 million) and no outstanding balance for cash placement with the Company as at 31 December 2019 (2018: nil).

There were arrangements whereby the Company provided headoffice corporate support services and funding arrangements to its subsidiaries during the year. Fees on these transactions were determined on an arm's length basis.

于呈报期末应付相关连人士的结余如下：

Balances of amounts due to relevant related parties as at the end of the reporting period are as follows:

		外汇基金 The Exchange Fund		政府 The Government	
		2019 千港元 HK\$'000	2018 千港元 HK\$'000	2019 千港元 HK\$'000	2018 千港元 HK\$'000
外汇基金存款(附注19)	Placements with the Exchange Fund (Note 19)	12,881,627	7,734,934	–	–
其他负债(附注24及31)	Other liabilities (Notes 24 and 31)	–	–	4,866,088	4,762,799

(b) 主要管理层人员

主要管理层人员为直接或间接有权力及负责策划、指挥及控制本集团业务的人士，包括董事及高级管理人员。

本年度主要管理层人员的薪酬包括：

(b) Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors and senior officers.

Compensation of the key management personnel compensation for the year comprised:

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
薪金及其他短期雇员福利	Salaries and other short-term employee benefits	29,541	23,270
离职后福利	Post-employment benefits	2,458	2,274
		31,999	25,544

29. 承担

(a) 资本

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
已批准及订约	Authorised and contracted for	1,667	803
已批准但未订约	Authorised but not contracted for	39,892	42,269
		41,559	43,072

上述资本承担主要与购买电脑设备及软件有关。

The above capital commitments mainly relate to commitments to purchase computer equipment and software.

(b) 经营租约

于二零一八年十二月三十一日，根据不可注销的经营租约而须作出的未来最低租金付款总额如下：

(b) Operating lease

As at 31 December 2018, the total future minimum lease payments under non-cancellable operating leases were as follows:

		2018 千港元 HK\$'000
办公室物业：	Office premises:	
— 不多于一年	— not later than one year	53,197
— 多于一年至不多于五年	— later than one year and not later than five years	50,313
		103,510

30. 按揭保险计划及安老按揭计划

于二零一九年十二月三十一日，本集团按揭保险计划的风险投保总额约为279亿港元(二零一八年：237亿港元)，其中48亿港元(二零一八年：40亿港元)已向核准再保险公司购买再保险，而本集团则自行承担余下231亿港元(二零一八年：197亿港元)的风险。

于二零一九年十二月三十一日，本集团安老按揭计划的风险投保总额约为125亿港元(二零一八年：96亿港元)，其中13亿港元(二零一八年：无)已向核准再保险公司购买再保险，而本集团则自行承担余下112亿港元(二零一八年：96亿港元)的风险。

30. Mortgage Insurance Programme and Reverse Mortgage Programme

As at 31 December 2019, the total risk-in-force of the Group under the MIP was approximately HK\$27.9 billion (2018: HK\$23.7 billion) of which HK\$4.8 billion (2018: HK\$4 billion) was ceded to the approved reinsurers and the balance of HK\$23.1 billion (2018: HK\$19.7 billion) was retained by the Group.

As at 31 December 2019, the total risk-in-force of the Group under the RMP was approximately HK\$12.5 billion (2018: HK\$9.6 billion) of which HK\$1.3 billion (2018: nil) was ceded to the approved reinsurer and the balance of HK\$11.2 billion (2018: HK\$9.6 billion) was retained by the Group.

31. 中小企融资担保计划下的特别优惠措施

本集团就现有的中小企融资担保计划，提供以优惠的担保费水平及由政府支付总贷款保证承担额分别为1,000亿港元及330亿港元的八成及九成担保保障的贷款担保产品。由特别信贷担保产品所收取的担保费，将首先全数用于支付相关的坏帐偿付及相关开支，如有余款则将拨归予政府。如所收取的担保费不足以应付相关款额及费用，政府将会承担余额。本集团负责此产品的营运并承担日常营运开支。

有关特别的贷款担保产品，对本集团的综合收益表就有关担保费用的收入、违约索偿或其他直接相关开支并没有影响。基于本集团只是代表政府营运产品，本集团认为有关此产品的风险和利益均属于政府。因此，产品的风险承担并没有列于本集团的资产负债表外风险。

32. 呈报期后发生事项

二零二零年初爆发2019冠状病毒病(COVID-19爆发)后，本港已持续推行一系列防控措施。本集团密切留意COVID-19爆发的发展情况，并评估其对本集团财务状况及经营业绩造成的影响。于本财务报表获授权刊发当日，本集团并不察觉COVID-19爆发令财务报表有任何重大不利影响。

31. Special concessionary measures under the SME Financing Guarantee Scheme

The Group provided loan guarantee products with 80% and 90% guarantee coverage under the existing SFGS at a concessionary guarantee fee rate and up to a total loan guarantee commitment of HK\$100 billion and HK\$33 billion respectively reimbursable by the Government. All guarantee fees collected under the special loan guarantee products are set aside to meet the relevant default claims and related out-of-pocket expenses. The remaining balance of the guarantee fees, if any, will be returned to, and any shortfall will be borne by, the Government. The Group is responsible for the operation of the product and the applicable day-to-day operating costs.

Regarding the special loan guarantee products, there is no impact on the consolidated income statement of the Group in respect of guarantee fee revenue, default claims or any direct expenses involved. Given that the Group operates only the products for the Government, the Group considers the risk and rewards associated with this product rest with the Government. Hence, the risk-in-force for the products has not been included as the Group's off-balance sheet exposures.

32. Events occurring after the reporting period

After the outbreak of Coronavirus Disease 2019 (COVID-19 outbreak) in early 2020, a series of precautionary and control measures had been and continued to be implemented across the city. The Group would pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group. As at the date on which this set of financial statements was authorised for issue, the Group was not aware of any material adverse effects on the financial statements as a result of the COVID-19 outbreak.

33. 本公司的财务状况表及储备变动

33. Statement of financial position and reserve movement of the Company

33.1 本公司于二零一九年十二月三十一日的财务状况表

33.1 Statement of financial position of the Company as at 31 December 2019

	附注 Note	2019 千港元 HK\$'000	2018 千港元 HK\$'000
资产	ASSETS		
现金及短期资金	Cash and short-term funds	26,239,139	27,251,724
应收利息及汇款	Interest and remittance receivables	481,196	392,545
衍生金融工具	Derivative financial instruments	200,702	161,047
贷款组合净额	Loan portfolio, net	5,089,549	4,219,189
证券投资：	Investment securities:		
— 以公允价值变化计入其他全面收益	— at fair value through other comprehensive income	4,920,402	5,091,664
— 以公允价值变化计入损益	— at fair value through profit or loss	378,803	543,612
— 按摊销成本列帐	— at amortised cost	10,245,148	8,938,368
附属公司投资	Interests in subsidiaries	11,820,677	10,211,083
预付款项、按金及其他资产	Prepayments, deposits and other assets	1,094,115	648,467
固定资产	Fixed assets	84,228	30,935
资产总额	Total assets	60,553,959	57,488,634
负债	LIABILITIES		
应付利息	Interest payable	372,926	257,499
附属公司存款	Placements by subsidiary	46,000	44,000
应付帐项、应付开支及其他负债	Accounts payable, accrued expenses and other liabilities	4,771,746	4,604,471
衍生金融工具	Derivative financial instruments	299,935	264,386
当期税项负债	Current tax liabilities	87,226	87,226
递延税项负债	Deferred tax liabilities	4,939	3,528
已发行债务证券	Debt securities issued	39,710,963	37,292,877
负债总额	Total liabilities	45,293,735	42,553,987
权益	EQUITY		
权益持有人应占股本及储备：	Capital and reserves attributable to the equity holder:		
股本	Share capital	7,000,000	7,000,000
保留溢利	Retained profits	8,235,410	7,937,098
公允价值储备	Fair value reserve	24,814	(2,451)
权益总额	Total equity	15,260,224	14,934,647
负债及权益总额	Total liabilities and equity	60,553,959	57,488,634

董事局已于二零二零年四月二十七日批准及授权刊行。

Approved and authorised for issue by the Board of Directors on 27 April 2020.

余伟文
副主席兼执行董事 Deputy Chairman and Executive Director

Eddie W. M. Yue

李令翔
执行董事兼总裁 Executive Director and Chief Executive Officer

Raymond L. C. Li

33.2 本公司的储备

33.2 Reserves of the Company

		保留溢利 Retained profits 千港元 HK\$'000	风险储备 Contingency reserve 千港元 HK\$'000	公平值储备 Fair value reserve 千港元 HK\$'000	总额 Total 千港元 HK\$'000
于二零一八年一月一日结余	Balance as at 1 January 2018	5,894,273	1,679,837	4,717	7,578,827
本年度溢利	Profit for the year	362,988	–	–	362,988
其他全面收益：	Other comprehensive income:				
以公平值变化计入其他全面收益 的债务证券公平值变动	Change in the fair value of debt securities at FVOCI	–	–	(7,182)	(7,182)
以公平值变化计入其他全面收益 的债务证券亏损拨备变动	Change in the loss allowance of debt securities at FVOCI	–	–	14	14
本年度全面收益总额	Total comprehensive income for the year	362,988	–	(7,168)	355,820
由保留溢利转拨已满期 风险保费净额的50%或75% 至风险储备	Transfer of 50% or 75% of net risk premium earned from retained profits to contingency reserve	(63,784)	63,784	–	–
由风险储备拨回至保留溢利	Release of contingency reserve to retained profits	1,743,621	(1,743,621)	–	–
于二零一八年十二月三十一日	As at 31 December 2018	7,937,098	–	(2,451)	7,934,647
采纳香港财务报告准则第16号 的变动	Changes on adoption of HKFRS 16	(1,214)	–	–	(1,214)
于二零一九年一月一日 经重列结余	Restated balance as at 1 January 2019	7,935,884	–	(2,451)	7,933,433
本年度溢利	Profit for the year	299,526	–	–	299,526
其他全面收益：	Other comprehensive income:				
以公平值变化计入其他全面收益 的债务证券公平值变动	Change in the fair value of debt securities at FVOCI	–	–	27,311	27,311
以公平值变化计入其他全面收益 的债务证券亏损拨备变动	Change in the loss allowance of debt securities at FVOCI	–	–	(46)	(46)
本年度全面收益总额	Total comprehensive income for the year	299,526	–	27,265	326,791
于二零一九年十二月三十一日	As at 31 December 2019	8,235,410	–	24,814	8,260,224

34. 董事于交易、安排和合约中的重大利害关系

截至二零一九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，且年内曾为本公司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。

35. 通过财务报表

董事局于二零二零年四月二十七日通过本财务报表。

34. Directors' material interests in transactions, arrangements and contracts

At no time during the year ended 31 December 2019, 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 of the Company 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.

35. Approval of financial statements

The financial statements were approved by the Board of Directors on 27 April 2020.

Abbreviations used in this Report

80% SFGS	80% guarantee product under the SME Financing Guarantee Scheme
90% SFGS	90% guarantee product under the SME Financing Guarantee Scheme
AI	Authorized Institutions
ALCO	Asset and Liability Committee
BLRs	Best Lending Rates
CAR	Capital Adequacy Ratio
CC	Credit Committee
Code	Corporate Governance Code of the HKMC
Code of Conduct	Code of Conduct for the HKMC's staff
CRC	Corporate Risk Management Committee
CSA	Credit Support Annex
CSR	Corporate Social Responsibility
DIP	Debt Issuance Programme
Directors	Directors of the Corporation
DTI	Debt-to-income
ECL	Expected credit losses
Financial Secretary	The Financial Secretary of the Government
Financial Statements	Audited consolidated financial statements of the Company for the year ended 31 December 2019
FVOCI	Fair value through other comprehensive income
FVPL	Fair value through profit or loss
Government	The Government of the Hong Kong Special Administrative Region
Group	The Company and its subsidiaries and subsidiary undertakings
Guidelines	Guidelines on Capital Adequacy Ratio
HIBOR	Hong Kong Interbank Offered Rate
HKASs	Hong Kong Accounting Standards
HKFRSs	Hong Kong Financial Reporting Standards
HKICPA	Hong Kong Institute of Certified Public Accountants
HKMA	Hong Kong Monetary Authority
HKMC/Corporation/Company	The Hong Kong Mortgage Corporation Limited 香港按揭證券有限公司
HKMCA	HKMC Annuity Limited 香港年金有限公司
HKMCI	HKMC Insurance Limited 香港按揭保險有限公司
HKSAR	Hong Kong Special Administrative Region
HKASs	Hong Kong Standards on Auditing
HMML	HKMC Mortgage Management Limited 香港按揭管理有限公司
IA	Insurance Authority
IFS	Infrastructure Financing and Securitisation
IFSIC	Infrastructure Financing and Securitisation Investment Committee
IP	Investment Portfolio
IRM	Information Risk Management Department
LRC	Longevity Risk Committee
LTGP	Long Term Growth Portfolio
LTV	Loan-to-value
MBS	Mortgage-backed securities
MFS	Microfinance Scheme
MIP	Mortgage Insurance Programme
Moody's	Moody's Investors Service, Inc.
MPP	Mortgage Purchase Programme
MTN	Medium Term Note
NGOs	Non-governmental organisations
ORC	Operational Risk Committee
Plan	HKMC Annuity Plan
PRMP	Policy Reverse Mortgage Programme
RC	Risk Committee
RMP	Reverse Mortgage Programme
S&P	S&P Global Ratings
SFGS	SME Financing Guarantee Scheme
SMEs	Small and medium-sized enterprises
TAC	Transaction Approval Committee