

綜合收益表

Consolidated Income Statement

截至二零一六年十二月三十一日止年度
for the year ended 31 December 2016

| | | 附註 Notes | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
|-------------|--|-------------|-------------------------|-------------------------|
| 利息收入 | Interest income | 6 | 816,314 | 838,496 |
| 利息支出 | Interest expense | 7 | (325,672) | (248,168) |
| 淨利息收入 | Net interest income | | 490,642 | 590,328 |
| 已滿期保費淨額 | Net premiums earned | 8 | 315,004 | 378,613 |
| 其他收入 | Other income | 9 | 213,104 | 142,826 |
| 經營收入 | Operating income | | 1,018,750 | 1,111,767 |
| 申索(產生)/回撥淨額 | Net claims (incurred)/written back | 8 | (4,066) | 7,583 |
| 佣金支出淨額 | Net commission expenses | 8 | (116,959) | (83,368) |
| 經營支出 | Operating expenses | 10 | (276,693) | (266,648) |
| 未計減值前的經營溢利 | Operating profit before impairment | | 621,032 | 769,334 |
| 貸款減值回撥 | Write-back of loan impairment allowances | 13 | 713 | 242 |
| 除稅前溢利 | Profit before taxation | | 621,745 | 769,576 |
| 稅項 | Taxation | 14(a) | (17,761) | (44,424) |
| 本年度溢利 | Profit for the year | | 603,984 | 725,152 |

第148至238頁所載附註為綜合財務報表的一部分。

The notes on pages 148 to 238 are an integral part of these consolidated financial statements.

綜合全面收益表

Consolidated Statement of Comprehensive Income

截至二零一六年十二月三十一日止年度
for the year ended 31 December 2016

| | 附註 Notes | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
|-----------------|---|-------------------------|-------------------------|
| 本年度溢利 | Profit for the year | 603,984 | 725,152 |
| 其他全面收益： | Other comprehensive income: | | |
| 其後可能重新分類至損益的項目： | Items that are or may be reclassified subsequently to profit or loss: | | |
| 可供出售證券： | Available-for-sale securities: | | |
| — 未變現收益／(虧損)淨額 | — net unrealised gains/(losses) | 733 | (111,566) |
| — 出售時公平值變動撥入收益表 | — fair value changes transferred to income statement on disposal | (122,970) | (129,989) |
| — 稅項 | — tax effect | 20,024 | 39,927 |
| 現金流對沖： | Cash flow hedges: | | |
| — 撥入收益表的公平值變動 | — fair value changes transferred to income statement | — | 3,242 |
| — 稅項 | — tax effect | — | (535) |
| 本年度其他全面虧損，已扣除稅項 | Other comprehensive loss for the year, net of tax | (102,213) | (198,921) |
| 本年度全面收益總額 | Total comprehensive income for the year | 501,771 | 526,231 |

第148至238頁所載附註為綜合財務報表的一部分。

The notes on pages 148 to 238 are an integral part of these consolidated financial statements.

綜合財務狀況表

Consolidated Statement of Financial Position

於二零一六年十二月三十一日
as at 31 December 2016

| | | 附註 Notes | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
|--------------------|---|-------------|-------------------------|-------------------------|
| 資產 | ASSETS | | | |
| 現金及短期資金 | Cash and short-term funds | 16 | 23,815,671 | 21,007,367 |
| 應收利息及匯款 | Interest and remittance receivables | 17 | 359,409 | 326,778 |
| 衍生金融工具 | Derivative financial instruments | 18 | 245,097 | 473,403 |
| 貸款組合淨額 | Loan portfolio, net | 19 | 9,533,961 | 11,502,312 |
| 證券投資： | Investment securities: | | | |
| — 可供出售 | — available-for-sale | 20(a) | 6,977,677 | 6,638,367 |
| — 持有至到期 | — held-to-maturity | 20(b) | 9,931,665 | 10,274,001 |
| 預付款項、按金及其他資產 | Prepayments, deposits and other assets | 22 | 359,809 | 87,239 |
| 固定資產 | Fixed assets | 23 | 18,527 | 26,630 |
| 再保險資產 | Reinsurance assets | 26 | 146,027 | 128,653 |
| 資產總額 | Total assets | | 51,387,843 | 50,464,750 |
| 負債 | LIABILITIES | | | |
| 應付利息 | Interest payable | 24 | 218,153 | 170,853 |
| 應付帳項、應付開支及 其他負債 | Accounts payable, accrued expenses and other liabilities | 25 | 5,228,393 | 4,795,423 |
| 衍生金融工具 | Derivative financial instruments | 18 | 1,702,859 | 1,821,927 |
| 當期稅項負債 | Current tax liabilities | 14(b) | 94,745 | 129,153 |
| 遞延稅項負債 | Deferred tax liabilities | 14(b) | 16,660 | 37,093 |
| 保險負債 | Insurance liabilities | 26 | 1,048,550 | 978,845 |
| 已發行債務證券 | Debt securities issued | 27 | 34,233,467 | 33,463,211 |
| 負債總額 | Total liabilities | | 42,542,827 | 41,396,505 |
| 權益 | EQUITY | | | |
| 權益持有人應佔股本 及儲備： | Capital and reserves attributable to the equity holders: | | | |
| 股本 | Share capital | 28 | 2,000,000 | 2,000,000 |
| 保留溢利 | Retained profits | | 5,023,307 | 5,251,052 |
| 風險儲備 | Contingency reserve | | 1,739,389 | 1,632,660 |
| 公平值儲備 | Fair value reserve | | 82,320 | 184,533 |
| 權益總額 | Total equity | | 8,845,016 | 9,068,245 |
| 負債及權益總額 | Total liabilities and equity | | 51,387,843 | 50,464,750 |

董事局已於二零一七年四月十日批准及授權刊行。

Approved and authorised for issue by the Board of Directors on 10 April 2017.

陳德霖

Norman T. L. Chan

李令翔

Raymond L. C. Li

副主席兼執行董事 Deputy Chairman and Executive Director 執行董事兼總裁 Executive Director and Chief Executive Officer

第148至238頁所載附註為綜合財務報表的一部分。

The notes on pages 148 to 238 are an integral part of these consolidated financial statements.

綜合權益變動表

Consolidated Statement of Changes in Equity

截至二零一六年十二月三十一日止年度
for the year ended 31 December 2016

| | | 附註 Note | 權益持有人應佔 Attributable to equity holders | | | | | 總額 Total 千港元 HK\$'000 |
|---------------------------------------|--|------------|---|--|---|---|---|--------------------------------|
| | | | 股本 Share capital 千港元 HK\$'000 | 保留溢利 Retained profits 千港元 HK\$'000 | 風險儲備 Contingency reserve 千港元 HK\$'000 | 公平值儲備 Fair value reserve 千港元 HK\$'000 | 對沖儲備 Hedging reserve 千港元 HK\$'000 | |
| 於二零一五年一月一日結餘 | Balance as at 1 January 2015 | | 2,000,000 | 5,070,815 | 1,437,745 | 386,161 | (2,707) [#] | 8,892,014 |
| 本年度溢利 | Profit for the year | | - | 725,152 | - | - | - | 725,152 |
| 其他全面收益： | Other comprehensive income: | | | | | | | |
| 可供出售證券 | Available-for-sale securities | | - | - | - | (201,628) | - | (201,628) |
| 現金流對沖 | Cash flow hedges | | - | - | - | - | 2,707 | 2,707 |
| 本年度全面收益總額 | Total comprehensive income for the year | | - | 725,152 | - | (201,628) | 2,707 | 526,231 |
| 由保留溢利撥入已滿期 風險保費淨額的50%或75% 至風險儲備 | Transfer of 50% or 75% of net risk premium earned from retained profits to contingency reserve | | - | (221,244) | 221,244 | - | - | - |
| 由風險儲備撥回至保留溢利 | Release of contingency reserve to retained profits | | - | 26,329 | (26,329) | - | - | - |
| 已付二零一四年股息 | Dividends paid related to 2014 | 15 | - | (350,000) | - | - | - | (350,000) |
| 於二零一五年十二月三十一日結餘 | Balance as at 31 December 2015 | | 2,000,000 | 5,251,052 | 1,632,660 | 184,533 | - | 9,068,245 |
| 本年度溢利 | Profit for the year | | - | 603,984 | - | - | - | 603,984 |
| 其他全面收益： | Other comprehensive income: | | | | | | | |
| 可供出售證券 | Available-for-sale securities | | - | - | - | (102,213) | - | (102,213) |
| 本年度全面收益總額 | Total comprehensive income for the year | | - | 603,984 | - | (102,213) | - | 501,771 |
| 由保留溢利撥入已滿期 風險保費淨額的50%或75% 至風險儲備 | Transfer of 50% or 75% of net risk premium earned from retained profits to contingency reserve | | - | (183,043) | 183,043 | - | - | - |
| 由風險儲備撥回至保留溢利 | Release of contingency reserve to retained profits | | - | 76,314 | (76,314) | - | - | - |
| 已付二零一五年股息 | Dividends paid related to 2015 | 15 | - | (725,000) | - | - | - | (725,000) |
| 於二零一六年十二月三十一日結餘 | Balance as at 31 December 2016 | | 2,000,000 | 5,023,307 | 1,739,389 | 82,320 | - | 8,845,016 |

* 為二零一零年及二零一一年時不再維持的現金流對沖時所帶來的累計虧損。自此之後，並沒有進行新的現金流對沖。

* brought forward from cumulative loss then existing in hedging reserve when cash flow hedges were de-designated in 2010 and 2011. Since then, no new cash flow hedge has been conducted.

第148至238頁所載附註為綜合財務報表的一部分。

The notes on pages 148 to 238 are an integral part of these consolidated financial statements.

綜合現金流量表

Consolidated Statement of Cash Flows

截至二零一六年十二月三十一日止年度
for the year ended 31 December 2016

| | 附註 Notes | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
|------------------------|---|-------------------------|-------------------------|
| 經營業務所得現金流量 | Cash flows from operating activities | | |
| 經營溢利 | Operating profit | 621,745 | 769,576 |
| 就以下各項作出的調整： | Adjustment for: | | |
| 利息收入 | Interest income | (834,188) | (846,024) |
| 利息支出 | Interest expense | 271,768 | 188,653 |
| 股息收入 | Dividend income | (83,440) | (72,748) |
| 折舊 | Depreciation | 15,885 | 17,772 |
| 已發行債務證券折讓攤銷 | Amortisation of discount on debt securities issued | 53,904 | 59,515 |
| 貸款減值回撥 | Write-back of loan impairment allowances | (713) | (242) |
| 證券投資溢價攤銷 | Amortisation of premium on investment securities | 17,874 | 7,528 |
| 出售投資收益淨額 | Net gains on disposal of investments | (159,841) | (122,010) |
| 出售固定資產的收益 | Gain on disposal of fixed assets | (20) | – |
| 金融工具公平值變動 | Change in fair value of financial instruments | 10,171 | (5,037) |
| 現金流對沖的公平值變動撥入收益表 | Fair value changes of cash flow hedges transferred to income statement | – | 3,242 |
| 已收利息 | Interest received | 798,876 | 851,007 |
| 已付利息 | Interest paid | (224,468) | (161,844) |
| 未計經營資產及負債變動的經營業務所得現金流量 | Cash flows from operating activities before changes in operating assets and liabilities | 487,553 | 689,388 |
| 原到期日超過三個月後到期的定期存款變動 | Change in time deposits with original maturity of more than three months | (4,468,020) | (3,237,239) |
| 應收匯款變動 | Change in remittance receivables | 2,681 | 19,090 |
| 預付款項、按金及其他資產變動 | Change in prepayments, deposits and other assets | (271,363) | (65,900) |
| 貸款組合變動 | Change in loan portfolio | 1,969,064 | 4,069,579 |
| 應付帳項、應付開支及其他負債變動 | Change in accounts payable, accrued expenses and other liabilities | 432,970 | (4,155) |
| 保險負債淨額變動 | Change in insurance liabilities, net | 52,331 | (117,718) |
| 外幣匯兌差額 | Exchange differences | 28,433 | 55,156 |
| 經營(所用)/所得現金 | Cash (used-in)/generated from operation | (1,766,351) | 1,408,201 |
| 已付稅項 | Taxation paid | (53,785) | (49,500) |
| 經營業務(所用)/所得現金淨額 | Net cash (used-in)/generated from operating activities | (1,820,136) | 1,358,701 |

| | | 附註 Notes | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
|----------------------|---|-------------|-------------------------|-------------------------|
| 投資活動所得現金流量 | Cash flows from investing activities | | | |
| 購買固定資產 | Purchase of fixed assets | 23 | (7,782) | (9,293) |
| 購買可供出售證券 | Purchase of available-for-sale securities | 20(a) | (4,422,019) | (4,265,100) |
| 購買持有至到期證券 | Purchase of held-to-maturity securities | 20(b) | (676,237) | (2,112,356) |
| 出售及贖回可供出售證券 所得款項 | Proceeds from sale and redemption of available-for-sale securities | | 4,112,006 | 3,232,635 |
| 出售及贖回持有至到期證券 所得款項 | Proceeds from sale and redemption of held-to-maturity securities | | 981,760 | 956,997 |
| 出售固定資產所得款項 | Proceeds from disposal of fixed assets | | 20 | — |
| 已收可供出售證券股息 | Dividend received from available-for-sale securities | | 83,440 | 72,748 |
| 投資活動所得／(所用)現金淨額 | Net cash generated from/(used in) investing activities | | 71,188 | (2,124,369) |
| 融資前現金流出淨額 | Net cash outflows before financing | | (1,748,948) | (765,668) |
| 融資活動所得現金流量 | Cash flows from financing activities | | | |
| 銀行借款所得款項 | Proceeds from bank borrowings | | 56,834,109 | 129,823,901 |
| 償還銀行借款 | Repayment of bank borrowings | | (56,834,109) | (129,823,901) |
| 發行債務證券所得款項 | Proceeds from issue of debt securities | 27 | 24,501,707 | 22,991,809 |
| 贖回已發行債務證券 | Redemption of debt securities issued | 27 | (23,686,351) | (22,526,495) |
| 已付股息 | Dividends paid | 15 | (725,000) | (350,000) |
| 融資活動所得現金淨額 | Net cash generated from financing activities | | 90,356 | 115,314 |
| 現金及等同現金項目減少淨額 | Net decrease in cash and cash equivalents | | (1,658,592) | (650,354) |
| 年初現金及等同現金項目 | Beginning cash and cash equivalents | | 7,762,550 | 8,413,912 |
| 匯率對現金及等同現金項目影響 | Effect of exchange rates on cash and cash equivalents | | (1,124) | (1,008) |
| 年終現金及等同現金項目 | Ending cash and cash equivalents | 16 | 6,102,834 | 7,762,550 |

第148至238頁所載附註為綜合財務報表的一部分。

The notes on pages 148 to 238 are an integral part of these consolidated financial statements.

綜合財務報表附註

Notes to the Consolidated Financial Statements

1. 編製基準

香港按揭證券有限公司(本公司)及其附屬公司(統稱**本集團**)的綜合財務報表，是按照由香港會計師公會頒布的香港財務報告準則(包括所有適用的個別香港財務報告準則、香港會計準則及詮釋)、香港公認的會計原則與香港《公司條例》的規定編製。

本綜合財務報表按歷史成本慣例編製，並已就以公平值列帳的可供出售證券投資、金融資產及金融負債(包括衍生金融工具)的重估作出調整。

除另行陳述者外，編製此綜合財務報表所應用的會計政策及計算方法，與以往呈報的所有年度所應用的貫徹一致。

編製符合香港財務報告準則的財務報表時，須採用若干關鍵會計估計，而管理層應用本集團會計政策時亦須自行作出判斷。需要較多判斷或較複雜的範疇、或假設及估計對綜合財務報表屬重要的範疇，已在附註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, 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 available-for-sale investment securities, 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. 主要會計政策

2.1. 採納香港財務報告準則

(a) 於二零一六年一月一日起生效
的新準則及修訂

下列香港財務報告準則修訂於二零一六年生效，並與本集團相關：

- 香港會計準則第1號(修訂本)「財務報表的列報」；
- 香港會計準則第16號(修訂本)及香港會計準則第38號「對可接受的折舊及攤銷方法的澄清」；及
- 「二零一二年至二零一四年週期的香港財務報告準則年度改進」。

這些於二零一六年生效的香港財務報告準則修訂對本集團沒有重大影響。

(b) 已頒布但尚未生效的新準則及修訂

若干新準則及準則修訂於二零一六年一月一日起的年度後才開始生效，故並未在編制綜合財務報表時所採用。除了下列所述外，其餘的新準則及修訂預期不會對本集團之綜合財務報表產生重大的影響：

2. Summary of significant accounting policies

2.1. Adoption of HKFRSs

(a) New and amended standards effective on 1 January 2016

The following amendments to HKFRSs effective in 2016 are relevant to the Group:

- Amendments to HKAS 1 “Disclosure Initiative”;
- Amendments to HKAS 16 and HKAS 38 “Clarification of Acceptable Methods of Depreciation and Amortisation”; and
- “Annual Improvements to HKFRSs 2012-2014 Cycle”.

The amendments to HKFRSs effective in 2016 have no material impact on the Group.

(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 2016, 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:

- 香港財務報告準則第9號「金融工具」針對金融資產和金融負債的分類、計量及終止確認，為對沖會計引入新規則及為金融資產引入新減值模型。它取代香港會計準則第39號「金融工具：確認和計量」。香港財務報告準則第9號保留但簡化混合計量的模式，並為金融資產制定三種主要計量類別：攤銷成本、以公平值變化計入其他全面收益和以公平值變化計入損益。分類的基準是按公司的業務模式以及金融資產的合約現金流量特徵而釐定。根據本集團的業務模式以及工具的合約現金流量特徵，現時被分類為可供出售的金融資產的債務工具預計可滿足分類為以公平值變化計入其他全面收益的條件。現時表達為持有至到期的金融資產的債務工具及貸款組合，將預計可以按本集團的業務模式及金融資產的合約現金流量特徵分類為攤銷成本。股權工具的投資，須以公平值變化計入損益來計量，但於初始時可作不可撤回選擇將公平值的變化計入在其他全面收益中，而這些結果沒有重回收益表的可能。本集團可供出售的股權工具中的重大部份，將被分類為以公平值變化計入其他全面收益。
- HKFRS 9 “Financial Instruments” addresses requirements for classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. It replaces HKAS 39 “Financial Instruments: Recognition and Measurement”. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (**FVOCI**) and fair value through profit or loss. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Debt instruments currently classified as available-for-sale financial assets would appear to satisfy the conditions for classification as at FVOCI based on the Group’s business model and the contractual cash flow characteristics of the instruments. Debt instruments currently presented as held-to-maturity financial assets and loan portfolio would appear to satisfy the conditions for classification as at amortised cost based on the Group’s business model and the contractual cash flow characteristics of the financial assets. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income without the possibility to recycle these results to the income statement. A significant portion of the Group’s available-for-sale equity instruments would be classified as at FVOCI.

新的預期的信貸虧損模型，將取代於香港會計準則第39號所採用的已產生的虧損減值模型。它應用於以攤銷成本分類的金融資產，以公平值變化計入其他全面收益的債務工具、租賃應收款、貸款承諾及某些財務擔保合約。本集團現時正優化其減值虧損估計方法，並量化對其財務報表的影響。

就金融負債，除了被界定以公平值變化計入損益的負債因自身信貸風險的變化須於其他全面收益中確認，公平值計入損益的債項在分類及量度沒有改變。本集團金融負債的分類將大致維持不變。

香港財務報告準則第9號取代明確界定對沖效益測試，放寬有關對沖效益的要求及採納更以原則為本的方法。該準則要求對沖項目及對沖工具須有經濟關係，而對沖比率須與管理層真正使用於風險管理時所用的相同。相關的記錄文件仍是需要的，但是有別於香港會計準則第39號所需的文件。本集團預期現時的對沖關係於香港財務報告準則第9號下，將符合準則對沖要求繼續使用。

新準則亦引入更多的披露要求及呈列上的改變。預期這些將改變本集團披露有關其金融工具的性质及程度，特別在於採用新準則的年度內。

There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income, lease receivables, loan commitments and certain financial guarantee contracts. The Group is currently refining its impairment loss estimation methodology to quantify the impact on its financial statements.

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated as at fair value through profit or loss. Classification of financial liabilities will remain largely unchanged for the Group.

HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests and adopting a more principles-based approach. It requires an economic relationship between the hedged item and hedging instrument and for the hedged ratio to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39. The Group expects that the current hedge relationships would qualify as continuing hedges under HKFRS 9.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

此項準則於由二零一八年一月一日或以後開始的會計年度內有效，亦允許提早採用。當此項準則於二零一八年生效，本集團計劃採納此項準則而並無重列比較性的資料及現正搜集資料以量化當採納準則時潛在的影響。

- 香港財務報告準則第16號「租賃」，列出租賃的確認、計量、呈列和披露的原則。準則引入單一的承租人會計模式，要求承租人需要為所有租期超過12個月的租賃，確認資產和負債，除非租賃的資產價值很低。承租人必須確認其可使用資產，代表有使用該租賃資產的權利；同時也需確認其租賃負債，代表有責任作出租賃付款。隨著經營及融資租約的區別被除去，香港財務報告準則第16號，將引致近乎所有租約於財務狀況報表被確認。香港財務報告準則第16號，大體上秉承香港會計準則第17號對出租人的會計要求。據此，出租人繼續將其租賃歸類為經營租賃和融資租賃，並以不同的入帳方式處理這兩類租賃。

此項準則將主要影響本集團經營租約的會計。於呈報日期，本集團擁有不可註銷的經營租約承諾為29,753,000港元（附註30）。本集團仍未評估此項準則對其財務狀況及營運結果的全面影響。此項準則由二零一九年一月一日或以後開始的年度強制生效。在此階段，本集團於生效日期前不計劃採納此準則。

預計沒有其他尚未生效的香港財務報告準則會對本集團產生重大影響。

The standard is effective for accounting periods beginning on or after 1 January 2018 with early adoption permitted. The Group plans to adopt the standard when it becomes effective in 2018 without restating comparative information and is gathering data to quantify the potential impact arising from the adoption.

- HKFRS 16 “Leases” sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. HKFRS 16 will result in almost all leases being recognised on the statement of financial position as the distinction between operating and finance leases is removed. HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The standard will affect primarily the accounting for the Group’s operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK\$29,753,000 (Note 30). The Group is yet to assess the full impact of the standard on its financial position and results of operations. The standard is mandatorily effective for annual periods beginning on or after 1 January 2019. 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. 綜合帳目

綜合財務報表包括本公司及其所有附屬公司截至二零一六年十二月三十一日的財務報表。

附屬公司指所有本集團有控制權的公司(包括用以發行按揭證券的結構公司香港按揭證券融資(第一)有限公司及Bauhinia MBS Limited)。當本集團透過參與公司運作而獲得或承受不固定回報，並能夠行使其權力影響該等回報，本集團被視為控制該公司。附屬公司自控制權轉移至本集團當日起被全面綜合入帳，並自該控制權終止當日停止綜合入帳。

本集團成員公司間的交易、結餘及未變現交易收益會相互對銷。除非有證據顯示交易中所轉讓資產出現減值，否則未變現虧損亦應予以對銷。如有需要，附屬公司的會計政策需作出調整，以確保與本集團新採用的政策一致。

當本集團失去附屬公司的控制權時，會被視為出售該附屬公司的全部權益處理，而由此產生的收益或虧損會在損益內確認。

在本公司的財務狀況表中，於附屬公司的投資按成本扣減任何減值撥備列帳。附屬公司之業績由本公司按已收及應收股息記入本公司帳目。

2.2. Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December 2016.

Subsidiaries are all 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採用實際利息法於收益表內確認。

實際利息法是一種計算金融資產或金融負債之攤銷成本、以及攤分有關期間之利息收入或利息支出的方法。實際利率指於金融工具之預計年期或較短時間(如適用)，將估計未來現金支出或收入準確折現至金融資產或金融負債帳面淨值的利率。計算實際利率時，本集團會考慮金融工具的所有合約條款以估計現金流量，但不會計及未來信貸虧損。計算範圍包括訂約雙方已支付或已收取且屬於實際利率不可分割一部分的一切費用，以及交易成本及所有其他溢價或折讓。

當一項金融資產或一組同類金融資產因出現減值虧損而撇減其價值時，將按計算減值虧損時用以折現未來現金流量的利率確認利息收入。

2.4. 其他收入(附註2.22所述由保險與擔保合約所產生的除外)

(a) 費用收入

費用通常於提供服務時以應計基準確認。屬於實際利率不可分割一部分的前期安排手續費作為對釐定貸款利息收入實際利率的調整確認。

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 net 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 future 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.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2.4. Other income other than those arising from insurance and guarantee contracts under Note 2.22

(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

股息收入於取得獲派股息權利時確認。

2.5. 金融資產

本集團將金融資產分為：以公平值變化計入損益的金融資產、貸款及應收款項、持有至到期投資及可供出售投資。分類方式視乎購入金融資產的目的而定。管理層於初始確認時決定金融資產分類。

(a) 以公平值變化計入損益的金融資產

此類別可細分為兩類：持作買賣的金融資產、及於初始分類時指定為以公平值變化計入損益的金融資產。倘金融資產主要為在短期內出售而購入，或該資產為集合管理的可識別金融工具組合之一部分、及有證據顯示近期曾實際短期獲利，則歸類為持作買賣用途。除已指定作對沖用途外，否則衍生工具亦歸類為持作買賣用途。

符合以下條件之金融資產，一般會初始時被界定為以公平值變化計入損益類別：

- (i) 若該界定能消除或大幅減少因按不同基準計量金融資產或金融負債之價值或確認其盈利或虧損，而出現不一致的計量或確認情況（有時稱為會計錯配）；或

(b) Dividend income

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

2.5. Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated as at fair value through profit or loss at inception. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of recent actual pattern of short-term profit-making. Derivatives are also categorised as held for trading unless they are designated as hedges.

A financial asset is typically classified as fair value through profit or loss at inception if it meets the following criteria:

- (i) the designation eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an accounting mismatch) that would otherwise arise from measuring the financial assets or financial liabilities or recognising the gains and losses on them on different bases; or

(ii) 若根據明文規定的風險管理或投資策略，有一組金融資產及／或金融負債需按公平值基準管理及評估表現，而內部亦根據該基準向管理層呈報有關該組金融資產及／或金融負債；或

(iii) 金融資產，例如所持有債務證券含有一項或多項對現金流量有重大影響的嵌入式衍生工具，可以被指定為以公平值變化計入損益。

(b) 貸款及應收款項

貸款及應收款項為有固定或可確定還款額、並無活躍市場報價，且本集團無意即時或於短期內買賣之非衍生工具金融資產。

(c) 持有至到期投資

持有至到期投資為有固定或可確定還款額及固定還款期，且本集團管理層有明確意向及能力持有至到期的非衍生工具金融資產。若本集團出售或將持有至到期資產重新分類，而(i)並非由於超越本集團所能控制的、非經常性的，不能被本集團合理預期的單一個別事件所引起，例如是發行人的信用狀況的顯著惡化，或(ii)倘若非重大數額之持有至到期資產，則整個資產類別將重新分類至可供出售。

(ii) a group of financial assets and/or financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and this is the basis on which information about the financial assets and/or financial liabilities is provided internally to the key management personnel; or

(iii) financial assets, such as debt securities held, containing one or more embedded derivatives which significantly modify the cash flows, can be designated at fair value through profit or loss.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which the Group has no intention of trading immediately or in the short term.

(c) Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Where the Group sold or reclassified held-to-maturity assets (i) other than due to an isolated event that is beyond the Group's control, is non-recurring and could not have been reasonably anticipated by the Group, such as a significant deterioration in the issuer's creditworthiness or (ii) other than an insignificant amount of held-to-maturity assets, the entire category would be reclassified as available-for-sale.

(d) 可供出售投資

可供出售投資，包括指定為此類別或並無歸入任何其他類別的非衍生工具金融資產。可供出售投資為無限定持有時間的投資，可因應流動資金需要或利率、匯率或市價變動而出售。可供出售投資初步按公平值（包括直接及遞增交易成本）確認，其後按公平值持有。

所有並非以公平值變化計入損益的金融資產初始時按公平值加上交易成本確認。以公平值變化計入損益的金融資產初始時按公平值確認，而交易成本則在收益表列作支出。

可供出售金融資產及以公平值變化計入損益的金融資產，其後以公平值列帳。貸款及應收款項及持有至到期投資，則採用實際利息法以攤銷成本列帳。「以公平值變化計入損益的金融資產」類別的公平值變動產生的收益及虧損，於產生時計入該期間的收益表。可供出售金融資產公平值變動產生的未變現收益及虧損於其他全面收益確認，並累計於權益中（公平值儲備），直至有關金融資產被註銷或減值時，則將先前已於權益確認之累計盈虧撥轉至收益表。然而，使用實際利息法計算的利息乃於收益表中確認。可供出售股權工具之股息於有關公司取得獲派股息權利時於收益表確認。

(d) Available-for-sale

Available-for-sale investments are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rate, exchange rate or market prices. They are initially recognised at fair value including direct and incremental transaction costs. They are subsequently held at fair value.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income and accumulated in equity (fair value reserve), until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously accumulated in equity is reclassified to income statement. However, interest calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the entity’s right to receive payment is established.

如果按公平值計量的資產有一個買入價和賣出價，在這個價格範圍內的買賣差價最能代表公平值的情況下，應該用來計量公平值。倘金融資產的市場並不活躍，本集團會採用估值方法訂出公平值，包括採用近期按公平原則進行的交易、參考其他大致相同的工具、現金流量折現分析及市場參與者廣泛採用的其他估值方法釐定公平值。

倘若本集團有意並有能力在資產重新分類時，持有某些金融資產直至可預見的未來或直至到期日，本集團可以選擇將符合貸款及應收款項定義的金融資產，從可供出售類別，重新分類為貸款及應收款項。

重新分類將按重新分類日的公平值計算。公平值會成為新的成本或攤銷成本（如適用），而在重新分類日期前的公平值收益或虧損不作撥回。對於被重新分類為貸款及應收款項和持有至到期類別的金融資產，其實際利率將在重新分類日確定。

If an asset 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. If there is no active market for a financial asset, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and other valuation techniques commonly used by market participants.

The Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date.

2.6. 金融資產減值

(a) 以攤銷成本列帳之資產

本集團於各呈報期末，評估有否客觀證據顯示個別金融資產或一組金融資產出現減值。於初始確認資產後發生一個或多個損失事件以致出現減值之客觀證據(損失事件)，且該宗(或該等)損失事件對有關金融資產或一組金融資產之未來現金流量的影響可準確估計，則該金融資產或該組金融資產將視作減值及出現減值虧損。顯示個別金融資產或一組資產減值之客觀證據包括本集團注意到有關可供觀察資料之以下損失事件：

- 發行人或欠債人出現嚴重財政困難；
- 違約，例如延遲支付或拖欠利息或本金還款；
- 因與借款人財政困難有關之經濟或法律理由，本集團給予借款人在一般情況下不予考慮之優惠條件；
- 啟動破產程序或其他財務重組；
- 因財政困難至使金融資產之活躍市場消失；或

2.6. Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (**loss event**) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following loss events:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the Group granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the Group would not otherwise consider;
- initiation of bankruptcy proceedings or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or

- 可觀察得到的資料顯示一組金融資產產生的未來預計現金流將較初始確認時有可量度的下降，即使有關下降未能識別為該組合內之個別金融資產。資料包括：

- 該組合的借款人之還款狀況有不利轉變；或
- 與組合內資產違約相關之經濟狀況。

本集團首先評估有否客觀證據，顯示金額重大之個別金融資產出現減值。至於金額非重大之個別金融資產，本集團會個別評估或組合地評估減值。若本集團確定並無客觀證據顯示所評估個別金融資產（不論金額是否屬重大）出現減值，則將該資產包括於信貸風險特徵相若的組合中，以作出組合減值評估。組合減值評估不包括已經個別評估為有減值虧損或將繼續確認減值虧損之資產。

如有客觀證據顯示，以攤銷成本列帳之貸款及應收款項，或持有至到期投資出現減值虧損，則虧損額將以資產帳面值與預計未來現金流量（不包括尚未產生的未來信貸虧損），按該金融資產原有實際利率的折現差額計算。資產的帳面值通過撥備帳目而調減，虧損金額則於收益表確認。倘貸款或持有至到期投資按浮動利率計算，則計量減值虧損的折現率為合約釐定的現行實際利率。

- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:

- adverse changes in the payment status of borrowers in the group; or
- economic conditions that correlate with defaults on the assets in the group.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. For exposures which are not individually significant, the Group will assess impairment either individually or collectively. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

不論是否能收回抵押品，對有抵押金融資產預計未來現金流量之現值計算，可反映因收回抵押品後扣除取得及出售抵押品之成本可能產生的現金流量。

整體之組合減值評估而言，金融資產按相若信貸風險特徵歸類，該等特徵與預測該等資產群組之未來現金流量有關，可顯示所評估資產在合約條款下其債務人清還所有到期債務的能力。

一組共同進行減值評估的金融資產的未來現金流量，是按群組內資產的合約現金流量，及與其具相若信貸風險特徵的資產之過往虧損記錄為基準估量。過往虧損記錄會根據現時可觀察資料予以調整，以反映並沒有對過往虧損記錄所依據的該期間現有狀況的影響，以及消除於過往期間出現但現時並不存在之條件的影響。

估計一組資產未來現金流量的變動時，須反映各期間的相關可觀察數據（顯示該組資產虧損之可能性及程度的變動），並調整至與其一致。本集團定期檢討估計未來現金流量的方法及假設，以縮減虧損估計與實際虧損的差距。

倘貸款無法收回，則信貸委員會將酌情決定自相關貸款減值虧損撥備撇銷貸款。該等貸款將於完成所有必需程序及確定虧損金額後撇銷。倘日後收回以往已撇銷的款項，將用於減低收益表中之減值虧損。

The calculation of the present value of estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics which are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period which are indicative of changes in the probability of losses in the group and their magnitude. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectable, it is written off against the related allowance for loan impairment at the discretion of the Credit Committee. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the allowance for loan impairment in the income statement.

如日後減值虧損撥備減少，且與確認減值後發生的事件有客觀聯繫，則過往確認的減值虧損會透過調整撥備帳目回撥。回撥的金額於收益表內確認。

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

(b) 被歸類為可供出售投資的資產

本集團在各呈報期末評估有否客觀證據顯示，個別可供出售投資或一組可供出售投資出現減值。對於債務證券，本集團採用以上(a)所提出的標準。至於被分類為可供出售的股權投資，倘若其公平值大幅或長期低於成本，亦為顯示該等資產出現減值的證據。如可供出售金融資產存在該等證據，其累計虧損（即購入成本與現時公平值之差額扣減原先已於收益表確認之金融資產減值虧損）需自權益撥轉至收益表。如日後歸類為可供出售之工具的公平值增加，並與確認減值後發生之事件有客觀聯繫，則有關減值虧損將按變化程度於收益表回撥。

(b) Assets classified as available-for-sale investments

The Group assesses at the end of each reporting period whether there is objective evidence that an available-for-sale investment or a group of available-for-sale investments is impaired. For debt securities, the Group uses the criteria referred to in (a) above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in income statement — is removed from equity and recognised in the income statement. If, in a subsequent period, the fair value of the instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in income statement, the impairment loss to the extent of such change is reversed through the income statement.

(c) 已重組貸款

須作組合減值評估或屬個別重大的貸款如已重新協商條款，會被視為已重組貸款處理。

(c) Renegotiated loans

Loans that are either subject to collective impairment assessment or individually significant and whose terms have been renegotiated are treated as renegotiated loans.

2.7. 金融負債

金融負債分為兩類：以公平值變化計入損益的金融負債及其他金融負債。所有金融負債於初始時分類，並初步按公平值確認。

財務狀況表所列明的已發行債務證券，包括：(i) 根據債務工具發行計劃發行的債券；(ii) 透過配售銀行於獨立零售債券發行及根據零售債券發行計劃向零售投資者發售的債券；及(iii) 根據中期債券發行計劃發行的債券（**中期債券**）。

該等債券初步指定為：(i) 以公平值變化計入損益的金融負債或(ii) 其他金融負債。

於初始分類時，當債券（包括已發行嵌入式衍生工具的債券）被指定以公平值變化計入損益，則按公平值確認，且公平值變動記錄於收益表。當債券被指定為公平值對沖之對沖項目，均會被對沖風險而引起的公平值變化作出相應調整。

指定為其他金融負債的債券初始時按公平值確認，即所收代價的公平值扣減產生的交易成本。債券其後按攤銷成本列帳，扣除交易成本後的所得款項淨額與贖回價值間的任何差額，於債務證券期間按實際利息法在收益表確認。

凡贖回／回購債券時的損益，即贖回／回購債券的金額與帳面值的差額，於贖回／回購發生期間於收益表入帳確認。

2.7. 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**), (ii) notes offered to retail investors through the placing banks in standalone retail bond issues and under the Retail Bond Issuance Programme (**RBIP**) and (iii) 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.

2.8 確認和終止確認金融工具

以公平值變化計入損益的金融資產、可供出售和持有至到期投資於本集團購買或出售的交易日確認。貸款及應收款項於借款人收到現金時確認。當收取金融資產所得現金流量的權利經已屆滿，或當本集團已轉讓擁有該項資產的絕大部分風險及回報的權利，金融資產將終止確認。

以公平值變化計入損益的金融負債，及已發行債務證券於交易日確認。其他金融負債於債務產生時確認。金融負債僅於合約規定的債務已被清償、已取消或已屆滿時，才於財務狀況表終止確認。

2.9. 衍生金融工具及對沖會計處理

衍生工具最初於訂立衍生工具合約之日按公平值確認，其後按公平值重新計量。公平值乃根據活躍市場價釐定，包括最近市場交易及通過使用估值方法（包括現金流量折現模型及期權定價模型）。當衍生工具的公平值為正數時，均作為資產入帳；而當公平值為負數時，則作為負債入帳。從衍生工具所產生的應收和應付利息會分別呈列於財務狀況表。

於初始確認時，最佳顯示該衍生工具之公平值應為其交易價值（即已付或已收代價之公平值）。

若干嵌入其他金融工具之衍生工具之經濟特徵及風險與所屬主合約並無密切關係，且主合約並非以公平值變化計入損益計量時，該等嵌入式衍生工具會作為獨立衍生工具處理。該等嵌入式衍生工具以公平值計量，而公平值變動則於收益表確認。

2.8. Recognition and de-recognition of financial instruments

Purchases and sales of financial assets at fair value through profit or loss, available-for-sale and held-to-maturity investments are recognised on the trade date, the date on which the Group purchases or sells the assets. Loans 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.

2.9. 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).

Certain derivatives embedded in other financial instruments 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.

確認公平值損益的方法取決於衍生工具是否指定為對沖工具，如屬對沖工具則須取決對沖項目性質。本集團指定若干衍生工具為：(i) 對沖已確認資產或負債或確實承擔的公平值（**公平值對沖**）；或 (ii) 對沖已確認資產或負債或預期交易極有可能產生的未來現金流量（**現金流對沖**）。在符合若干條件的情況下，指定的衍生工具採納對沖會計方式處理。

本集團會於交易發生時記錄對沖工具與對沖項目之關係、風險管理目的以及進行各類對沖交易時所採取策略。本集團亦會就對沖活動發生時及所涉期間內評估有關衍生工具能否高度有效地抵銷對沖項目之公平值或現金流量變動作出記錄。

(a) 公平值對沖

被指定為且合資格之公平值對沖之衍生工具的公平值變動連同被對沖風險之對沖資產或負債之相關公平值變動，一併於收益表內記錄。

若對沖不再符合對沖會計處理的要求，對沖項目之帳面值調整，將按剩餘年期以實際利息法攤銷至收益表。

(b) 現金流對沖

被指定為且合資格之現金流對沖之衍生工具的公平值變動的有效對沖部分於其他全面收益內確認，並累計於權益中。無效部分的損益即時於收益表確認。

權益的累積數額將於相關對沖項目影響收益表時轉出並撥入至收益表。

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) 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 other comprehensive income 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.

於對沖工具到期或出售，或不再符合對沖會計處理要求時，權益中的任何累計損益仍保留於權益內，直至預期進行的交易最終於收益表確認時始撥入收益表。當預期進行的交易不會落實時，權益所呈報的累計損益隨即撥入收益表。

(c) **不符合採用對沖會計方法的衍生工具**

凡不合資格採用對沖會計處理的經濟對沖的衍生工具，以公平值變化計入損益。任何衍生工具的公平值變動，即時於收益表確認。

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.

2.10. 對銷金融工具

如金融資產及負債具有法律上可強制執行的權利可對銷確認金額及有計劃按淨額結算，或同時變賣資產及清償負債，則該金融資產及負債可互相對銷，而兩者之淨額列於財務狀況表內。法律上可強制執行的權利不應取決於未來事件，並且必須是在正常業務過程中，以及在本公司或交易對手違約、無力償付債務或破產的情況下，可強制執行。

2.11. 收回資產

收回抵押資產作為待售資產列帳，並於「其他資產」項下呈報，相關貸款則終止確認。收回抵押資產按帳面值與公平值減銷售成本之較低者計量。

2.10. 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.

2.11. 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.

2.12. 分類報告

經營分類按向首席經營決策者提供的內部報告一致的方式報告。首席經營決策者為分配資源及評估公司經營分類表現的個人或團體。本集團已指定總裁為首席經營決策者。

2.12. 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.

2.13. 外幣換算

(a) 功能及呈列貨幣

本集團旗下各公司的財務報表中所載項目採用該公司營運所在主要經濟環境所用的貨幣(功能貨幣)計量。綜合財務報表以千港元為單位呈列，即本公司之功能及本公司和本集團之呈列貨幣。

(b) 交易及結餘

外幣交易按交易當日之匯率換算為功能貨幣。結算該等交易產生之匯兌盈虧以及以期末匯率換算外幣計價的貨幣資產及負債而產生的匯兌盈虧在收益表確認。

2.13. 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.

以外幣計價的貨幣項目，按報告日期的收市匯率換算。以歷史成本估值的外幣計價的非貨幣項目，按初始確認日期的匯率換算；以公平值估值的外幣計價的非貨幣項目，會以確定公平值當日的匯率換算。

當歸類為可供出售，並以外幣計價的貨幣項目之公平值變動時，由證券的攤銷成本變動所產生的換算差額，及由證券的帳面值的其他變動所產生的換算差額會區別出來。有關攤銷成本變動的換算差額會在損益內確認；而除減值外，帳面值的其他變動會在其他全面收益內確認。

持有以公平值變化計入損益的非貨幣金融工具的換算差額呈報為公平值損益的一部分。歸類為可供出售金融資產的非貨幣金融工具的換算差額計入權益的公平值儲備。

2.14. 固定資產

固定資產按歷史成本減累計折舊及減值虧損列帳。歷史成本包括收購該等項目的直接開支。

該項目的後續成本僅在本集團有可能獲得有關項目之未來經濟利益，且能準確計量項目成本時，方可計入資產帳面值或確認為獨立資產（倘適用）。遭替換部分的帳面值被終止確認。所有其他維修及保養開支均於產生之財務期間於收益表確認。

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 available-for-sale, 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 other comprehensive income.

Translation differences on non-monetary financial instruments held at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on non-monetary financial instruments classified as available-for-sale financial assets, are included in the fair value reserve in equity.

2.14. 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.

折舊採用直線法按下列估計可使用年期將成本減剩餘價值攤銷：

| | |
|--------|-----------|
| 租賃物業裝修 | 租約尚未屆滿的期間 |
| 傢俬及裝置 | 租約尚未屆滿的期間 |
| 電腦 | 三年 |
| 辦公室設備 | 三年 |
| 汽車 | 四年 |

資產的剩餘價值及可使用年期於各呈報期末檢討並於適當時調整。

出售之收益及虧損按所得款項與帳面值的差額於收益表確認。

2.15. 於附屬公司的投資的減值

於附屬公司收取股息後，倘若出現下述情況，需就附屬公司的投資進行減值測試。如在股息宣佈週期，股息超越附屬公司的總全面收益。又或是附屬公司在本公司的財務狀況表所顯示的帳面值，超越附屬公司在綜合財務狀況表的淨資產值（包括商譽）。

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.

2.15. 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.

2.16. 當期及遞延稅項

期內稅項支出包括當期及遞延稅項。稅項會在收益表內確認，除非涉及確認於其他全面收益的項目或直接在權益內確認。在這種情況下，稅項也會在其他全面收益或直接在權益確認。

當期稅項根據呈報期末已頒布或實際頒布的稅率計算。

遞延稅項採用負債法按資產及負債的稅基與綜合財務報表所呈列帳面值之暫時差額作全數撥備。遞延稅項採用各呈報期末已頒布或實際頒布並預期在相關遞延稅項資產變現或遞延稅項負債結算時適用之稅率釐定。

倘可能有未來應課稅溢利與可動用暫時差額抵銷，則確認遞延稅項資產。除非暫時差異的撥回由本集團控制，並有可能在可預見將來不會撥回暫時差額，就投資附屬公司而產生的暫時差額需作遞延稅項撥備。

就可供出售投資及現金流對沖的公平值重新計量並直接在其他全面收益中扣除或計入相關的遞延稅項，亦應直接在其他全面收益中計入或扣除，其後連同遞延盈虧在收益表中確認。

2.16. 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 other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income 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.

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 substantively 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 fair value re-measurement of available-for-sale investments and cash flow hedges, which are charged or credited directly to other comprehensive income, is also credited or charged directly to other comprehensive income and is subsequently recognised in the income statement together with the deferred gain or loss.

2.17. 僱員福利

(a) 僱員可享有的假期

僱員所享年假於僱員得到有關假期時確認。按截至各呈報期末就僱員所提供服務而估計享有的年假及長期服務假期的承擔列為應計項目。

僱員可享有的病假、產假及侍產假，於僱員休假時確認。

(b) 花紅計劃

本集團根據一項程式以考慮若干調整後所得溢利確認花紅負債及開支。本集團根據合約責任或過往經驗建立推定責任時，確認有關撥備。

(c) 退休金承擔

本集團設立強制性公積金計劃及界定供款計劃，計劃相關資產通常由獨立信託人所管理之基金持有。該等退休金計劃通常由僱員及本集團供款。

本集團對強制性公積金計劃及界定供款計劃的供款於產生時列作支出。

2.18. 撥備

倘本集團現時因過往事件而涉及法律或推定責任，而履行責任很可能須耗用資源，且可合理估計款項時，則確認撥備。

當金額的時間值影響屬重大的，撥備按預期償付責任所需開支以除稅前比率（反映當前市場對責任特定之時間值及風險之評估）計算之現值計量。

2.17. 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) 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.

2.18. 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.

2.19. 租約

(a) 經營租約

經營租約指由出租人承擔擁有權絕大部分風險及回報之租約。本集團主要以承租人身份訂立經營租約。經營租約租金（扣除出租人給予的任何優惠後）於租期內以直線法自收益表扣除。

倘經營租約於租約期滿前終止，則任何須付予出租人的罰款將於終止發生期間確認為開支。

(b) 融資租約

融資租約指由本集團承擔擁有權的絕大部分風險及回報之資產租約。本集團主要以出租人身份訂立融資租約。融資租約於租賃開始時按租賃物業公平值或最低租金現值之較低者撥作應收款項。應收款項總額與應收款項現值的差額確認為未賺取融資收入。租約收入於租期內按反映固定回報率的淨投資法確認。具有融資租約特性的租購合約按融資租約相同方式列帳。減值撥備按附註2.6所載會計政策列帳。

2.19. Leases

(a) 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.

(b) 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. 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 set out in Note 2.6.

2.20. 現金及等同現金項目

就現金流量表而言，現金及等同現金項目包括於購入之日起計三個月內到期的結餘，包括現金和銀行結餘。這些結餘是易於轉換為已知金額的現金，而其價值變動的風險不高。

2.21. 財務擔保合約

財務擔保合約，本集團須向持有人支付定額款項以補償指定欠款人未能按債務工具條款支付到期款項所產生損失。

財務擔保合約，按附註 2.22(b) 所載會計政策，列帳為保險合約。

2.22. 保險和其他擔保合約

(a) 按揭保險合約

本集團按揭保險計劃下的按揭保險業務，根據年度會計基準入帳。依照年度會計處理法，本集團按未來收支的可靠預測作出撥備，釐定本會計年度的承保業績。承保業績包括更正過往估計而作出的任何修訂。

毛保費指本會計年度透過在《銀行業條例》下定議之認可機構參與直接承保業務的保費。扣除折扣及退款後的毛保費包括向核准再保險公司支付再保險保費、本集團應收風險保費及服務費。保險費淨額於保險生效期間，以時間比例確認為收入。

2.20. 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.

2.21. 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 2.22 (b).

2.22. Insurance and other guarantee contracts

(a) Mortgage insurance contracts

The mortgage insurance business under the Mortgage Insurance Programme 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.

未滿期保費為各呈報期末，估計承擔風險及提供服務所需保費淨額部分。

於各呈報期末，就未決申索、已產生但未申報申索及虧損儲備作撥備。至於風險分攤業務方面，根據有關監管指引及在董事認為適當的情況下，取決於相關產品，將年內已滿期風險保費淨額的50%或75%，在一段時間內，預留作為風險儲備。期內可自風險儲備提取以應付超額申索。於各呈報期末，風險儲備的未動用結餘可撥回至保留溢利。

再保險合約指本集團與再保險公司訂立的合約，據此本集團就本集團發出一份或以上保險合約獲賠償損失。本集團根據再保險合約下所獲利益，確認為再保險資產。該等資產包括從再保險公司可收回的申索及應收款項（根據有關再保險合約所預期的申索及利益）。從再保險公司可收回款項或應付再保險公司與再保險合約相關金額的計量，與每份再保險合約的條款一致。再保險資產主要為再保險合約的保費，被確認為開支。

再保險資產初始確認後，倘若有關證據顯示，本集團可能不會收回合約條款內的全數款項，而本集團從再保險公司之收回款項亦能準確計算，就會為該再保險資產減值。

已產生的佣金在收益表內確認。

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.

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 recognised 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) 其他擔保和保險合約

本集團為合資格的中小企業(中小企)和非上市企業取得的貸款提供財務擔保，並收取擔保費；亦為長者的安老按揭貸款，以及為資助房屋計劃業主而設、主要用於補地價的一筆過貸款，提供保險保障，並收取保險保費。

本集團會根據當前合約的未來現金流量估算，在每個呈報期日評估其已確認的負債是否足夠。如果評估顯示其擔保和保險負債的帳面值不足夠應付預計的未來現金流量，不足之數額會在收益表中確認。

根據有關監管指引及在董事認為適當的情況下，年內已滿期的擔保費的50%和保險保費的75%，在一段時間內，預留作為風險儲備。期內可自風險儲備提取款項以應付超額申索。於各呈報期末，風險儲備的未動用結餘可撥回至保留溢利。

2.23. 股息分配

於呈報期末後擬派或宣派的股息，當股東批准該股息時，會作為該時期的負債披露。

(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 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.

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 guarantee and insurance liabilities are inadequate in the light of the estimated future cash flows, the shortfall shall be recognised in the income statement.

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.

2.23. 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 shareholders.

3. 財務風險管理

3.1. 採用金融工具策略

本集團的主要業務為(i)購買按揭或貸款組合；(ii)透過發行債券為購買資產籌集資金；(iii)向認可機構所承造以香港住宅物業作抵押的按揭貸款，提供按揭保險；(iv)向認可機構所承造的香港中小企及非上市公司貸款，提供財務擔保；(v)向認可機構為長者所承造的安老按揭，提供保險保障；(vi)向認可機構為資助房屋計劃業主用於補地價的一筆過貸款，提供保險保障；及(vii)提供一個中央平台以支援小型貸款的運作。根據其性質，本集團業務主要使用金融工具包括現金、貸款、債務及衍生工具。

本集團的業務面對多種財務風險，該等業務涉及分析、評估、承擔及管理一定程度的風險或風險組合。本集團於維持財務表現過程中審慎管理風險。

企業風險管理委員會乃於企業層面設立監督企業範圍內的風險事項(包括財務及非財務風險)。各類風險的政策及限額由各管理委員會(包括信貸委員會、資產負債管理委員會、交易核准委員會及營運風險管理委員會)監控及定期檢討，並向企業風險管理委員會報告。

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 provide mortgage insurance cover to AIs in respect of mortgage loans originated by such AIs and secured on residential properties in Hong Kong; (iv) to provide financial guarantee cover to AIs in respect of loans originated by such AIs to SMEs and non-listed enterprises in Hong Kong; (v) to provide insurance cover to AIs in respect of reverse mortgage loans originated by such AIs to elderly people; (vi) to provide insurance cover to AIs in respect of lump-sum loans to owners of properties of subsidised housing schemes for land premium settlement; and (vii) to operate a centralised microfinance platform to support microfinance loans. 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 corporate 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, including the Credit Committee, Asset and Liability Committee (**ALCO**), Transaction Approval Committee (**TAC**) and Operational Risk Committee (**ORC**) which report to the Corporate Risk Management Committee.

信貸委員會監察資產收購、按揭保險、中小企擔保業務及小型貸款計劃的信貸政策及標準。資產負債管理委員會監察經董事局批准的市場風險管理及投資指引的執行情況。交易核准委員會負責根據最新市況及董事局批准的業務策略，深入分析業務交易的定價基礎及風險。營運風險管理委員會負責確保所有運作部門，都採取有效的營運風險及內部監控機制。該委員會也會負責就運作部門在政策、監控和管理等運作事宜發生問題時，提供指引和解決方法。倘若有審核結果涉及營運風險和內部監控，該委員會會確保盡快採取恰當的糾正措施。此外，內部審核部負責獨立審查本公司的內部監控系統。最重要的風險類型為信貸風險、流動資金風險及市場風險（包括貨幣風險、利率風險及股票價格風險）。

3.2. 信貸風險

本集團主要金融資產為其貸款組合、證券投資、現金及短期資金。流動資金及證券投資的信貸風險有限，因為交易對手主要是主權國、半主權國機構、銀行及公司，其信貸評級須符合按照董事局批准的投資指引的最低要求。

本集團的信貸風險主要來自其貸款組合，即借款人於款項到期時未能全數償還的風險。本集團就於呈報期末已產生的虧損作出減值撥備。

經濟及本地物業市場出現的重大轉變可能導致的虧損有別於呈報期末之撥備。因此本集團就管理信貸風險訂下審慎政策。

The Credit Committee oversees the credit policies and standards for asset acquisition, mortgage insurance, SME guarantee business 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, Internal Audit is responsible for the independent review of the internal control systems of the Company. The most important types of risks are credit risk, liquidity risk and market risk which includes currency risk, interest rate risk and equity price risk.

3.2. Credit risk

The Group's principal financial assets are its loan portfolio, investment securities, cash and short-term funds. 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 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. Allowance for impairment is provided for losses that have been incurred at the end of the reporting period.

Significant changes in the economy and local property market could result in losses that are different from those provided for at the end of the reporting period. The Group therefore has a prudent policy for managing its exposure to credit risk.

為維持資產組合的素質，本集團採取四項策略：(i) 按既定準則挑選核准賣方；(ii) 採取審慎的資產購買準則；(iii) 進行有效的盡職審查程序；及(iv) 確保較高風險的資產或交易有足夠的保障。

本集團的按揭貸款信貸風險分散於眾多客戶及交易對手，而本集團按揭風險之相關抵押品則坐落於香港。

本集團尤其注重對問題貸款進行持續信貸審查。業務部門將監控該等貸款，並盡力為收回款項採取如與借款人制定寬減計劃從而加強貸款回收力度。根據信貸委員會批准的指引為貸款定期進行減值評估，減值撥備亦於收益表扣除。

抵押品及其他信貸安排加強措施

本集團已實施關於接受用以減低信貸風險的特定類別的抵押品的指引。該等指引定期進行檢討。

貸款組合

按揭貸款組合的主要抵押品類型包括物業及遞延代價(附註25)。至於融資租約應收帳款的抵押品類型包括的士和公共小巴牌照。按揭貸款組合和融資租約應收帳款一般有充足的抵押。目前物業抵押品的價值是以公開指數按組合基礎而確定。至於其他非按揭貸款組合，一般並不尋求抵押品。

To maintain the quality of the asset portfolios, the Group adheres to a four-pronged approach to (i) select Approved Sellers with established criteria, (ii) adopt prudent asset purchasing criteria, (iii) conduct effective due diligence reviews and (iv) ensure adequate protection for higher-risk assets or transactions.

Credit risk exposures on mortgage loans of the Group are spread over a large number of customers and counterparties. The underlying collaterals on the Group's mortgage exposures are located in Hong Kong.

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.

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 and the deferred consideration (Note 25). 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. For other non-mortgage portfolio, no collateral is generally sought.

銀行定期存款和證券投資

銀行定期存款一般不尋求抵押，因為其交易對手的性質，和短期內到期，故被視為低風險。證券投資一般沒有抵押。

衍生金融工具

本集團與所有衍生工具之交易對手簽訂國際掉期及衍生工具協會主協議。按照該協議，倘若其中一方出現違約事件，另一方可以淨額結算所有未平倉的金額。本集團亦跟其主要交易對手，與主協議同時執行信貸支持附件。根據信貸支持附件，雙方可以透過轉移抵押品，減輕未平倉時存在的交易對手風險。

至於金融工具，如衍生工具，本集團按照投資指引及信貸風險政策所制定的交易對手風險限額予以監察。交易對手風險限額由信貸風險委員會每年定期檢討。無論於何時，交易對手風險的上限為對本集團有利的工具（即公平值為正數的資產）的現有公平值，就衍生工具而言，公平值僅佔合約價值或用於反映未平倉工具數量的估算價值的小部分。交易對手風險作為交易對手整體信貸限額的一部分，與市場波動的潛在風險一併管理。

按揭保險合約、其他擔保和保險合約

詳情在附註3.5披露。

結算風險存在於任何以現金、證券或股票支付並期望收取相應現金、證券或股票的情況。為涵蓋本集團於任何單一日期因市場交易產生的所有結算風險的總額，對每名交易對手均設有每日結算限額。

Time deposits with banks and investment securities

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 are generally unsecured.

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.

- (a) 未計所持有抵押品或其他信貸安排加強措施的最高信貸風險分析如下：

本集團金融資產最高信貸風險與其帳面金額相等。在未計再保險安排下，本集團資產負債表外的最高信貸風險分析如下：

- (a) 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 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:

| | | 於二零一六年 十二月三十一日 As at 31 December 2016 千港元 HK\$'000 | 於二零一五年 十二月三十一日 As at 31 December 2015 千港元 HK\$'000 |
|-------------|--|--|--|
| 風險投保總額 | Total risk-in-force | | |
| — 按揭保險業務 | — mortgage insurance business | 16,839,822 | 13,408,560 |
| — 其他擔保及保險業務 | — other guarantee and insurance business | 4,332,713 | 2,996,377 |
| | | 21,172,535 | 16,404,937 |

(b) 貸款組合的信貨素質分析如下：

(b) Credit quality of the loan portfolio is analysed as follows:

| | | 於二零一六年 十二月三十一日 As at 31 December 2016 千港元 HK\$'000 | 於二零一五年 十二月三十一日 As at 31 December 2015 千港元 HK\$'000 |
|---------|-------------------------------|--|--|
| 未逾期亦未減值 | Neither past due nor impaired | 9,302,729 | 11,190,707 |
| 逾期但未減值 | Past due but not impaired | 230,997 | 311,439 |
| 已減值 | Impaired | 1,100 | 983 |
| 貸款組合總額 | Gross loan portfolio | 9,534,826 | 11,503,129 |
| 貸款減值撥備 | Allowance for loan impairment | (865) | (817) |
| | | 9,533,961 | 11,502,312 |

於呈報期末未逾期亦未減值的貸款組合的信貨素質，可參考本集團採納的內部評級系統進行評估。

The credit quality of loans that were neither past due nor impaired as at the end of the reporting period can be assessed by reference to the internal rating system adopted by the Group.

| | | 於二零一六年 十二月三十一日 As at 31 December 2016 千港元 HK\$'000 | 於二零一五年 十二月三十一日 As at 31 December 2015 千港元 HK\$'000 |
|-----|---------|--|--|
| 級別： | Grades: | | |
| 1至3 | 1 to 3 | 9,294,014 | 11,169,818 |
| 4 | 4 | — | 1,271 |
| 5 | 5 | 8,715 | 19,618 |
| | | 9,302,729 | 11,190,707 |

1至3級包括無重大信貸風險或近期無逾期還款記錄的貸款，並持有不同水平的信貸安排加強措施，及持有作為擔保按揭貸款組合和融資租約應收帳款的抵押品。

4級包括近期有逾期還款記錄的貸款，並持有不同水平的信貸安排加強措施，及持有作為擔保按揭貸款組合和融資租約應收帳款的抵押品。

5級包括近期有逾期還款記錄的貸款，並持有作為擔保按揭貸款組合和融資租約應收帳款的抵押品。

(c) 逾期但未減值的貸款

以下為於呈報期末逾期但未減值的貸款總額分析：

Grades 1 to 3 include loans with either insignificant credit risk or no recent past due history; and with different levels of credit enhancements in addition to the collateral held as security for mortgage portfolio and finance lease receivable.

Grade 4 includes loans with recent past due history and with different levels of credit enhancement in addition to the collateral held as security for mortgage portfolio and finance lease receivable.

Grade 5 includes loans with recent past due history and with collateral held as security for mortgage portfolio and finance lease receivable.

(c) Loans past due but not impaired

The analysis below shows the gross amount of loans that were past due but not impaired at the end of the reporting period:

| | | 於二零一六年 十二月三十一日 As at 31 December 2016 千港元 HK\$'000 | 於二零一五年 十二月三十一日 As at 31 December 2015 千港元 HK\$'000 |
|-------------------|---|--|--|
| 逾期： | Past due: | | |
| 三個月或以下 | Three months or less | 229,008 | 309,988 |
| 六個月或以下， 但超過三個月 | Six months or less but over three months | 133 | 455 |
| 六個月以上 | Over six months | 1,856 | 996 |
| 總額 | Total | 230,997 | 311,439 |
| 其中抵押品的公平值 | Of which fair value of collateral | 2,348,154 | 3,109,508 |

(d) 個別減值的貸款

本集團未計所持有抵押品產生的現金流量的個別減值貸款為1,100,000港元(二零一五年: 983,000港元)。

本集團為個別減值貸款所持相關抵押品的公平值為零(二零一五年: 零)。

(e) 收回物業

本集團收回作為擔保的抵押品的資產。

收回物業將在實際可行情況下盡快出售，所得款項用於減少未償還債項。收回物業於財務狀況表內歸類於「其他資產」項目下。如果在償還債務後尚有剩餘款項，將根據適用的法律，分配給資產的受益人。

(f) 現金及短期資金

根據董事局批准的投資指引，本集團僅可存款於發鈔銀行或達到特定最低信貸評級的銀行。於二零一六年十二月三十一日及二零一五年十二月三十一日，可接受的最低短期信貸評級為A-2(標準普爾)、P-2(穆迪)和F-2(惠譽)。

(d) Individually impaired loans

Individually impaired loans of the Group before taking into account the cash flows from collateral held amounted to HK\$1,100,000 (2015: HK\$983,000).

The fair value of related collateral held for individually impaired loans of the Group was nil (2015: nil).

(e) 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.

(f) Cash and short-term funds

According to the investment guidelines approved by the Board of Directors, the Group can only place deposits with note-issuing banks or banks with a certain minimum credit rating. As at 31 December 2016 and 31 December 2015, the minimum acceptable short-term credit ratings are A-2 (Standard and Poor's), P-2 (Moody's) and F-2 (Fitch).

(g) 證券投資

根據董事局批准的投資指引，本集團僅可投資於達到特定最低信貸評級的債務證券。資產負債管理委員會對按級別劃分的投資比例進行監察及檢討。

根據外部信貸機構的評級方法（標準普爾、穆迪及惠譽），下列為呈報期末按評定級別對債務證券所作分析。如證券本身沒有評級，則採用證券發行人的評級呈報。

(g) Investment securities

According to the investment guidelines approved by the Board of Directors, 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 designation 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.

| | | 可供出售證券 Available-for-sale securities | 持有至到期證券 Held-to-maturity securities | 總額 Total |
|---|-----------------------|--|---|-----------------|
| | | 千港元 HK\$'000 | 千港元 HK\$'000 | 千港元 HK\$'000 |
| 於二零一六年十二月三十一日 As at 31 December 2016 | | | | |
| AAA/Aaa | AAA/Aaa | 73,661 | 1,432,431 | 1,506,092 |
| AA- 至 AA+ /Aa3 至 Aa1 | AA- to AA+/Aa3 to Aa1 | 3,273,891 | 6,456,545 | 9,730,436 |
| A- 至 A+ /A3 至 A1 | A- to A+/A3 to A1 | 1,249,639 | 2,042,689 | 3,292,328 |
| 總額 | Total | 4,597,191 | 9,931,665 | 14,528,856 |

| | | 可供出售證券 Available-for-sale securities | 持有至到期證券 Held-to-maturity securities | 總額 Total |
|---|-----------------------|--|---|-----------------|
| | | 千港元 HK\$'000 | 千港元 HK\$'000 | 千港元 HK\$'000 |
| 於二零一五年十二月三十一日 As at 31 December 2015 | | | | |
| AAA/Aaa | AAA/Aaa | 15,537 | 1,202,859 | 1,218,396 |
| AA- 至 AA+ /Aa3 至 Aa1 | AA- to AA+/Aa3 to Aa1 | 3,306,845 | 6,755,670 | 10,062,515 |
| A- 至 A+ /A3 至 A1 | A- to A+/A3 to A1 | 976,895 | 2,315,472 | 3,292,367 |
| 總額 | Total | 4,299,277 | 10,274,001 | 14,573,278 |

3.3. 市場風險

本集團承擔的市場風險是指金融工具的公平值或未來現金流量因市價變動而波動的風險。市場風險乃因利率、貨幣及股票產品的未平倉合約而產生。所有該等合約均面對一般及特定市場變動及市場比率或市價（如利率、信貸差、匯率及股價）波動水平變動的風險。本集團所面對市場風險主要來自對公司具有不同價格重訂特性的金融工具的利率管理而產生，或者是以外幣定價的金融工具的淨風險。本集團亦採用公平值對沖，透過利率掉期對沖發行定息債券大部分現有利率風險，將浮息資金與浮息資產作出更好配對。本集團亦採用跨貨幣掉期，分別用作公平值對沖和經濟對沖，藉以對沖以外幣定價發行的債券的淨風險。

市場風險主要由庫務部採用董事局批准的風險限額進行管理。關於利率風險管理、融資、對沖、投資的策略由資產負債管理委員會制定。該委員會定期舉行會議對金融市場及資產負債組合的近期狀況進行檢討。庫務部負責監察金融市場變動以及根據資產負債管理委員會制定的策略在現金、衍生工具、債務和投資市場執行交易。中台部門監察對風險限額的遵守情況及進行壓力測試以評估在極端狀況下可能產生的虧損規模。壓力測試結果由資產負債管理委員會進行檢討。

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 by the use of cross-currency swaps as fair value hedges and economic hedges respectively.

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.

利率風險管理主要指對利息收入淨額對不同利率的敏感度進行監察，並透過對沖措施減低不利影響。利率曲線於二零一六年十二月三十一日平行下移20個基點，將使未來12個月的利息收入淨額增加約600萬港元（二零一五年：900萬港元）。類似的平行上移，將使未來12個月的利息收入淨額減少約600萬港元（二零一五年：900萬港元）。

於二零一六年十二月三十一日，如該日利率平行下移20個基點，年內溢利將下調少於10萬港元（二零一五年：約20萬港元），於二零一六年十二月三十一日的公平值儲備增加約600萬港元（二零一五年：700萬港元）。如利率平行上移20個基點，年內溢利將增加少於10萬港元（二零一五年：約10萬港元），而公平值儲備將下調約600萬港元（二零一五年：700萬港元）。

於二零一六年十二月三十一日，在所有其他可變因素保持不變的情況下，如港元兌美元匯率下跌100點子，年內溢利將增加約2,100萬港元（二零一五年：1,500萬港元）。反之，如港元兌美元匯率上升100點子，則年內溢利將減少約2,100萬港元（二零一五年：1,500萬港元）。

於二零一六年十二月三十一日，在所有其他可變因素保持不變的情況下，如港元兌美元以外的其他外幣匯率下跌100點子，年內溢利將增加約400萬港元（二零一五年：700萬港元）。反之，如港元兌美元以外的其他外幣匯率上升100點子，年內溢利將減少約400萬港元（二零一五年：700萬港元）。

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 2016 would increase the future net interest income for the next twelve months by around HK\$6 million (2015: HK\$9 million) and decrease by around HK\$6 million (2015: HK\$9 million) for a similar upward parallel shift.

As at 31 December 2016, if interest rates at that date had experienced a 20 basis points parallel shift downwards, profit for the year would have been lower by less than HK\$0.1 million (2015: around HK\$0.2 million) and the fair value reserve would have been higher by around HK\$6 million (2015: HK\$7 million) as at 31 December 2016. If interest rates had experienced a 20 basis points parallel shift upwards, profit for the year would have been higher by less than HK\$0.1 million (2015: around HK\$0.1 million) and the fair value reserve would have been lower by around HK\$6 million (2015: HK\$7 million).

As at 31 December 2016, 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\$21 million higher (2015: HK\$15 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\$21 million lower (2015: HK\$15 million).

As at 31 December 2016, 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 around HK\$4 million higher (2015: HK\$7 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 around HK\$4 million lower (2015: HK\$7 million).

於二零一六年十二月三十一日，在所有其他可變因素保持不變的情況下，如交易所買賣基金及房地產投資信託基金的價格下跌1%，公平值儲備將減少約2,400萬港元（二零一五年：2,300萬港元）。反之，如交易所買賣基金和房地產投資信託基金的價格上升1%，公平值儲備將增加約2,400萬港元（二零一五年：2,300萬港元）。

上升或下降反映管理層對利率、匯率及股價在十二個月期間可能的合理變動所作出評估。

(a) 外幣風險

本集團因現行外幣市場匯率波動對其財務狀況及現金流量的影響而承擔風險。董事局設定可准許用於投資目的的外幣。資產負債管理委員會設定可承受外幣風險的限額，並每日進行監察。在融資方面，中期債券發行計劃下多種貨幣的特質，容許本集團發行包括美元、人民幣、新加坡元、英鎊、澳元、歐元及日圓等主要貨幣的債券。所有外幣債券均全數對沖為港元。

As at 31 December 2016, with all other variables held constant, if the price of exchange-traded funds and real estate investment trusts had decreased by 1%, the fair value reserve would have been around HK\$24 million lower (2015: HK\$23 million). Conversely, if the price of exchange-traded funds and real estate investment trusts had increased by 1%, the fair value reserve would have been around HK\$24 million higher (2015: HK\$23 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 fully hedged into Hong Kong dollars.

下表概列本集團的外幣匯率風險。表內所載為按帳面值列示的資產與負債，並按貨幣種類分類。

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 | 其他外幣 Other foreign currencies 千港元 HK\$'000 | 總額 Total 千港元 HK\$'000 |
|----------------|--|------------------------------|------------------------------|--|--------------------------------|
| 於二零一六年十二月三十一日 | As at 31 December 2016 | | | | |
| 資產 | Assets | | | | |
| 現金及短期資金 | Cash and short-term funds | 18,380,846 | 5,431,538 | 3,287 | 23,815,671 |
| 應收利息及匯款 | Interest and remittance receivables | 225,749 | 85,349 | 48,311 | 359,409 |
| 衍生金融工具 | Derivative financial instruments | 245,097 | - | - | 245,097 |
| 貸款組合淨額 | Loan portfolio, net | 9,533,961 | - | - | 9,533,961 |
| 證券投資： | Investment securities: | | | | |
| — 可供出售 | — available-for-sale | 2,553,300 | 4,424,377 | - | 6,977,677 |
| — 持有至到期 | — held-to-maturity | 3,556,967 | 5,962,873 | 411,825 | 9,931,665 |
| 預付款項、按金及其他資產 | Prepayments, deposits and other assets | 51,665 | 308,052 | 92 | 359,809 |
| 固定資產 | Fixed assets | 18,527 | - | - | 18,527 |
| 再保險資產 | Reinsurance assets | 146,027 | - | - | 146,027 |
| 資產總額 | Total assets | 34,712,139 | 16,212,189 | 463,515 | 51,387,843 |
| 負債 | Liabilities | | | | |
| 應付利息 | Interest payable | 187,771 | 319 | 30,063 | 218,153 |
| 應付賬項、應付開支及其他負債 | Accounts payable, accrued expenses and other liabilities | 5,221,640 | 6,753 | - | 5,228,393 |
| 衍生金融工具 | Derivative financial instruments | 1,702,859 | - | - | 1,702,859 |
| 當期稅項負債 | Current tax liabilities | 94,745 | - | - | 94,745 |
| 遞延稅項負債 | Deferred tax liabilities | 16,660 | - | - | 16,660 |
| 保險負債 | Insurance liabilities | 1,048,550 | - | - | 1,048,550 |
| 已發行債務證券 | Debt securities issued | 28,604,607 | 379,982* | 5,248,878** | 34,233,467 |
| 負債總額 | Total liabilities | 36,876,832 | 387,054 | 5,278,941 | 42,542,827 |
| 持倉淨額 | Net position | (2,164,693) | 15,825,135 | (4,815,426) | 8,845,016 |
| 資產負債表外淨名義持倉# | Off-balance sheet net notional position # | (7,218,109) | 379,904 | 5,197,487 | (1,640,718) |

「資產負債表外淨名義持倉」指外幣衍生金融工具(主要用以減低本集團於貨幣波動的風險)的名義金額與其公平值的差額。

* 全數對沖為港元。

** 總額包括44億港元的澳元債務證券及8億港元的人民幣債務證券，並全數對沖為港元。

"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\$4.4 billion and renminbi of HK\$0.8 billion, fully hedged into Hong Kong dollars.

| | | 港元 HKD 千港元 HK\$'000 | 美元 USD 千港元 HK\$'000 | 其他外幣 Other foreign currencies 千港元 HK\$'000 | 總額 Total 千港元 HK\$'000 |
|--------------------------|--|------------------------------|------------------------------|--|--------------------------------|
| 於二零一五年十二月三十一日 | As at 31 December 2015 | | | | |
| 資產 | Assets | | | | |
| 現金及短期資金 | Cash and short-term funds | 18,651,940 | 2,350,198 | 5,229 | 21,007,367 |
| 應收利息及匯款 | Interest and remittance receivables | 203,143 | 72,462 | 51,173 | 326,778 |
| 衍生金融工具 | Derivative financial instruments | 473,079 | 324 | – | 473,403 |
| 貸款組合淨額 | Loan portfolio, net | 11,502,312 | – | – | 11,502,312 |
| 證券投資： | Investment securities: | | | | |
| — 可供出售 | — available-for-sale | 2,874,408 | 3,588,811 | 175,148 | 6,638,367 |
| — 持有至到期 | — held-to-maturity | 3,835,900 | 5,824,429 | 613,672 | 10,274,001 |
| 預付款項、按金及其他資產 | Prepayments, deposits and other assets | 41,082 | 46,059 | 98 | 87,239 |
| 固定資產 | Fixed assets | 26,630 | – | – | 26,630 |
| 再保險資產 | Reinsurance assets | 128,653 | – | – | 128,653 |
| 資產總額 | Total assets | 37,737,147 | 11,882,283 | 845,320 | 50,464,750 |
| 負債 | Liabilities | | | | |
| 應付利息 | Interest payable | 136,257 | 1,814 | 32,782 | 170,853 |
| 應付帳項、應付開支及其他負債 | Accounts payable, accrued expenses and other liabilities | 4,795,051 | 372 | – | 4,795,423 |
| 衍生金融工具 | Derivative financial instruments | 1,821,927 | – | – | 1,821,927 |
| 當期稅項負債 | Current tax liabilities | 129,153 | – | – | 129,153 |
| 遞延稅項負債 | Deferred tax liabilities | 37,093 | – | – | 37,093 |
| 保險負債 | Insurance liabilities | 978,845 | – | – | 978,845 |
| 已發行債務證券 | Debt securities issued | 20,704,457 | 1,387,954* | 11,370,800** | 33,463,211 |
| 負債總額 | Total liabilities | 28,602,783 | 1,390,140 | 11,403,582 | 41,396,505 |
| 持倉淨額 | Net position | 9,134,364 | 10,492,143 | (10,558,262) | 9,068,245 |
| 資產負債表外淨名義持倉 [#] | Off-balance sheet net notional position [#] | (14,569,037) | 1,387,277 | 11,306,888 | (1,874,872) |

[#] 「資產負債表外淨名義持倉」指外幣衍生金融工具（主要用以減低本集團於貨幣波動的風險）的名義金額與其公平值的差額。

* 全數對沖為港元。

** 總額包括51億港元的英鎊債務證券、43億港元的澳元債務證券及20億港元的人民幣債務證券，並全數對沖為港元。

[#] “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 British pounds of HK\$5.1 billion, Australian dollars of HK\$4.3 billion and renminbi of HK\$2 billion, fully hedged into Hong Kong dollars.

(b) 現金流量及公平值利率風險

現金流量利率風險指金融工具的未來現金流量，將隨著市場利率改變而波動的風險。公平值利率風險乃指金融工具的價值將隨著市場利率改變而波動的風險。現行市場利率水平的波動會造成本集團的公平值利率風險及現金流量利率風險。由於利率變動，息差可能會擴大，但倘若發生未能預計的波動，則亦會收窄或引致虧損。資產負債管理委員會設定息率錯配水平的限額，並定期對該限額進行監控。

下表概述本集團所面對的利率風險，並按帳面值列示的資產及負債，而資產及負債則按重新定息日或到期日（以較早者為準）分類。衍生金融工具（主要用於減低本集團於利率波動承擔的風險）的帳面值列於「不計息」項目中。

(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".

| | | 一個月內 Up to 1 month 千港元 HK\$'000 | 一個月以上 至三個月 Over 1 month to 3 months 千港元 HK\$'000 | 三個月以上 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 | 不計息 Non-interest bearing 千港元 HK\$'000 | 總額 Total 千港元 HK\$'000 |
|--------------------------------------|--|---|--|--|--|--|---|--------------------------------|
| 於二零一六年十二月三十一日 As at 31 December 2016 | | | | | | | | |
| 資產 | Assets | | | | | | | |
| 現金及短期資金 | Cash and short-term funds | 5,067,139 | 12,916,172 | 5,762,665 | - | - | 69,695 | 23,815,671 |
| 應收利息及匯款 | Interest and remittance receivables | - | - | - | - | - | 359,409 | 359,409 |
| 衍生金融工具 | Derivative financial instruments | - | - | - | - | - | 245,097 | 245,097 |
| 貸款組合淨額 | Loan portfolio, net | 9,469,814 | 33,185 | 8,142 | 22,588 | 232 | - | 9,533,961 |
| 證券投資： | Investment securities: | | | | | | | |
| — 可供出售 | — available-for-sale | - | 1,445,290 | 2,016,905 | 1,134,996 | - | 2,380,486 | 6,977,677 |
| — 持有至到期 | — held-to-maturity | 155,806 | 299,968 | 2,284,802 | 4,063,715 | 3,127,374 | - | 9,931,665 |
| 預付款項、按金及其他資產 | Prepayments, deposits and other assets | 307,955 | - | - | - | - | 51,854 | 359,809 |
| 固定資產 | Fixed assets | - | - | - | - | - | 18,527 | 18,527 |
| 再保險資產 | Reinsurance assets | - | - | - | - | - | 146,027 | 146,027 |
| 資產總額 | Total assets | 15,000,714 | 14,694,615 | 10,072,514 | 5,221,299 | 3,127,606 | 3,271,095 | 51,387,843 |
| 負債 | Liabilities | | | | | | | |
| 應付利息 | Interest payable | - | - | - | - | - | 218,153 | 218,153 |
| 應付帳項、應付開支及其他負債 | Accounts payable, accrued expenses and other liabilities | 5,095,356 | - | - | - | - | 133,037 | 5,228,393 |
| 衍生金融工具 | Derivative financial instruments | - | - | - | - | - | 1,702,859 | 1,702,859 |
| 當期稅項負債 | Current tax liabilities | - | - | - | - | - | 94,745 | 94,745 |
| 遞延稅項負債 | Deferred tax liabilities | - | - | - | - | - | 16,660 | 16,660 |
| 保險負債 | Insurance liabilities | - | - | - | - | - | 1,048,550 | 1,048,550 |
| 已發行債務證券 | Debt securities issued | 5,769,091 | 8,857,902 | 8,464,300 | 7,660,354 | 3,481,820 | - | 34,233,467 |
| 負債總額 | Total liabilities | 10,864,447 | 8,857,902 | 8,464,300 | 7,660,354 | 3,481,820 | 3,214,004 | 42,542,827 |
| 利息敏感度缺口總額* | Total interest sensitivity gap* | 4,136,267 | 5,836,713 | 1,608,214 | (2,439,055) | (354,214) | | |
| 利率衍生工具(持倉淨額的名義金額) | Interest rate derivatives (notional amounts of net position) | (7,735,888) | (12,331,156) | 8,453,000 | 7,582,576 | 2,390,750 | | |

* 未計入衍生金融工具對已發行債務證券重定息的影響。

* before the repricing effect of derivative financial instruments on the debt securities issued.

| | | 一個月內 Up to 1 month 千港元 HK\$'000 | 一個月上 至三個月 Over 1 month to 3 months 千港元 HK\$'000 | 三個月以上 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 | 不計息 Non-interest bearing 千港元 HK\$'000 | 總額 Total 千港元 HK\$'000 |
|-----------------------|---|---|---|--|--|--|---|--------------------------------|
| 於二零一五年十二月三十一日 | As at 31 December 2015 | | | | | | | |
| 資產 | Assets | | | | | | | |
| 現金及短期資金 | Cash and short-term funds | 4,362,986 | 8,265,000 | 8,300,438 | – | – | 78,943 | 21,007,367 |
| 應收利息及匯款 | Interest and remittance receivables | – | – | – | – | – | 326,778 | 326,778 |
| 衍生金融工具 | Derivative financial instruments | – | – | – | – | – | 473,403 | 473,403 |
| 貸款組合淨額 | Loan portfolio, net | 11,425,841 | 36,035 | 12,784 | 27,406 | 246 | – | 11,502,312 |
| 證券投資： | Investment securities: | | | | | | | |
| — 可供出售 | — available-for-sale | 601,873 | 1,365,585 | 810,218 | 1,521,601 | – | 2,339,090 | 6,638,367 |
| — 持有至到期 | — held-to-maturity | 176,973 | 232,505 | 551,128 | 5,241,407 | 4,071,988 | – | 10,274,001 |
| 預付款項、按金及其他資產 | Prepayments, deposits and other assets | 45,958 | – | – | – | – | 41,281 | 87,239 |
| 固定資產 | Fixed assets | – | – | – | – | – | 26,630 | 26,630 |
| 再保險資產 | Reinsurance assets | – | – | – | – | – | 128,653 | 128,653 |
| 資產總額 | Total assets | 16,613,631 | 9,899,125 | 9,674,568 | 6,790,414 | 4,072,234 | 3,414,778 | 50,464,750 |
| 負債 | Liabilities | | | | | | | |
| 應付利息 | Interest payable | – | – | – | – | – | 170,853 | 170,853 |
| 應付賬項、應付開支及 其他負債 | Accounts payable, accrued expenses and other liabilities | 4,717,601 | – | – | – | – | 77,822 | 4,795,423 |
| 衍生金融工具 | Derivative financial instruments | – | – | – | – | – | 1,821,927 | 1,821,927 |
| 當期稅項負債 | Current tax liabilities | – | – | – | – | – | 129,153 | 129,153 |
| 遞延稅項負債 | Deferred tax liabilities | – | – | – | – | – | 37,093 | 37,093 |
| 保險負債 | Insurance liabilities | – | – | – | – | – | 978,845 | 978,845 |
| 已發行債務證券 | Debt securities issued | 7,030,867 | 9,016,856 | 6,690,366 | 7,563,986 | 3,161,136 | – | 33,463,211 |
| 負債總額 | Total liabilities | 11,748,468 | 9,016,856 | 6,690,366 | 7,563,986 | 3,161,136 | 3,215,693 | 41,396,505 |
| 利息敏感度缺口總額* | Total interest sensitivity gap* | 4,865,163 | 882,269 | 2,984,202 | (773,572) | 911,098 | | |
| 利率衍生工具(持倉淨額的 名義金額) | Interest rate derivatives (notional amounts of net position) | (5,080,017) | (12,685,001) | 6,668,761 | 7,172,025 | 2,049,360 | | |

* 未計入衍生金融工具對已發行
債務證券重定息的影響。

* before the repricing effect of derivative financial instruments
on the debt securities issued.

3.4. 流動資金風險

流動資金風險指本集團未能償還其債項或未能為已承諾購買的貸款提供資金的風險。本集團每日監測資金流入及流出，並按所有到期期限列序預計遠期資金流入及流出。本集團建立多樣化的資金來源支持其業務增長及維持均衡的負債組合。資產負債管理委員會定期對流動資金來源進行檢討。

(a) 未折現現金流量分析

下表列示本集團於呈報期末按剩餘合約年期有關非衍生工具金融負債、以淨額基準結算的衍生工具金融負債及以總額基準結算的衍生金融工具的應付現金流量。表內披露的金額為預測合約未折現的現金流量，包括根據最早的可能合約到期日計算的未來利息支付款項。本集團的衍生工具包括按淨額基準結算的利率掉期以及按總額基準結算的跨貨幣掉期。

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; and cross currency swaps that will be settled on gross basis.

(i) 非衍生工具現金流出

(i) Non-derivative cash outflows

| | | 一個月以上 至三個月 | 三個月以上 至一年 | 一年以上 至五年 | 五年以上 | 總額 | |
|---------------|------------------------|--------------------------|--------------------------------|-------------------------------|------------------------------|-----------------|--------------|
| | | 一個月內 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 | Total |
| | | 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 |
| 於二零一六年十二月三十一日 | As at 31 December 2016 | | | | | | |
| 負債 | Liabilities | | | | | | |
| 已發行債務證券 | Debt securities issued | (2,580,695) | (7,867,440) | (9,952,782) | (11,668,629) | (4,400,077) | (36,469,623) |

| | | 一個月以上 至三個月 | 三個月以上 至一年 | 一年以上 至五年 | 五年以上 | 總額 | |
|---------------|------------------------|--------------------------|--------------------------------|-------------------------------|------------------------------|-----------------|--------------|
| | | 一個月內 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 | Total |
| | | 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 |
| 於二零一五年十二月三十一日 | As at 31 December 2015 | | | | | | |
| 負債 | Liabilities | | | | | | |
| 已發行債務證券 | Debt securities issued | (4,150,451) | (4,266,029) | (9,279,444) | (13,610,074) | (4,078,459) | (35,384,457) |

(ii) 衍生工具現金流入／(流出)

(ii) Derivative cash inflows/(outflows)

| | | 一個月內 Up to 1 month 千港元 HK\$'000 | 一個月以上 至三個月 Over 1 month to 3 months 千港元 HK\$'000 | 三個月以上 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 | 總額 Total 千港元 HK\$'000 |
|---------------|------------------------|---|--|--|--|--|--------------------------------|
| 於二零一六年十二月三十一日 | As at 31 December 2016 | | | | | | |
| 按下列基準結算的 | Derivative financial | | | | | | |
| 衍生金融工具： | instrument settled: | | | | | | |
| — 淨額基準 | — on net basis | (3,207) | (8,013) | 38,676 | (29,801) | (54,991) | (57,336) |
| — 總額基準 | — on gross basis | | | | | | |
| 流出總額 | Total outflow | (571,927) | (5,045,173) | (21,651) | (711,097) | (1,153,575) | (7,503,423) |
| 流入總額 | Total inflow | 556,450 | 3,669,019 | 33,581 | 712,533 | 1,022,219 | 5,993,802 |
| | | (18,684) | (1,384,167) | 50,606 | (28,365) | (186,347) | (1,566,957) |

| | | 一個月內 Up to 1 month 千港元 HK\$'000 | 一個月以上 至三個月 Over 1 month to 3 months 千港元 HK\$'000 | 三個月以上 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 | 總額 Total 千港元 HK\$'000 |
|---------------|------------------------|---|--|--|--|--|--------------------------------|
| 於二零一五年十二月三十一日 | As at 31 December 2015 | | | | | | |
| 按下列基準結算的 | Derivative financial | | | | | | |
| 衍生金融工具： | instrument settled: | | | | | | |
| — 淨額基準 | — on net basis | (1,232) | (60) | 10,130 | (2,397) | — | 6,441 |
| — 總額基準 | — on gross basis | | | | | | |
| 流出總額 | Total outflow | (2,935,923) | (4,127,509) | (1,893,649) | (5,096,754) | (758,326) | (14,812,161) |
| 流入總額 | Total inflow | 2,860,597 | 3,958,892 | 1,936,884 | 3,741,106 | 665,498 | 13,162,977 |
| | | (76,558) | (168,677) | 53,365 | (1,358,045) | (92,828) | (1,642,743) |

(b) 到期日分析

下表根據呈報期末至合約到期日剩餘期間，分析有關資產及負債到期組別。

(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.

| | | 即時到期 Repayable on demand 千港元 HK\$'000 | 一個月內 Up to 1 month 千港元 HK\$'000 | 一個月以上 至三個月 Over 1 month to 3 months 千港元 HK\$'000 | 三個月以上 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 | 無限期 Undated 千港元 HK\$'000 | 總額 Total 千港元 HK\$'000 |
|---|---------------------------|---|---|--|--|--|--|-----------------------------------|--------------------------------|
| 於二零一六年十二月三十一日 As at 31 December 2016 | | | | | | | | | |
| 資產 Assets | | | | | | | | | |
| 現金及短期資金 | Cash and short-term funds | 58,444 | 5,078,390 | 12,916,172 | 5,762,665 | - | - | - | 23,815,671 |
| 貸款組合 | Loan portfolio | 2,904 | 71,198 | 153,904 | 628,962 | 2,895,570 | 5,780,807 | 1,481 | 9,534,826 |
| 證券投資 | Investment securities | | | | | | | | |
| — 可供出售 | — available-for-sale | - | - | 46,526 | 1,535,103 | 3,015,562 | - | 2,380,486 | 6,977,677 |
| — 持有至到期 | — held-to-maturity | - | 155,806 | 299,968 | 2,284,802 | 4,063,715 | 3,127,374 | - | 9,931,665 |
| 再保險資產 | Reinsurance assets | - | - | - | - | - | - | 146,027 | 146,027 |
| | | 61,348 | 5,305,394 | 13,416,570 | 10,211,532 | 9,974,847 | 8,908,181 | 2,527,994 | 50,405,866 |
| 負債 Liabilities | | | | | | | | | |
| 保險負債 | Insurance liabilities | - | - | - | - | - | - | 1,048,550 | 1,048,550 |
| 已發行債務證券 | Debt securities issued | - | 2,523,337 | 7,758,031 | 9,614,218 | 10,856,061 | 3,481,820 | - | 34,233,467 |
| | | - | 2,523,337 | 7,758,031 | 9,614,218 | 10,856,061 | 3,481,820 | 1,048,550 | 35,282,017 |

| | | 即時到期 Repayable on demand 千港元 HK\$'000 | 一個月內 Up to 1 month 千港元 HK\$'000 | 一個月以上 至三個月 Over 1 month to 3 months 千港元 HK\$'000 | 三個月以上 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 | 無限期 Undated 千港元 HK\$'000 | 總額 Total 千港元 HK\$'000 |
|---|---------------------------|---|---|--|--|--|--|-----------------------------------|--------------------------------|
| 於二零一五年十二月三十一日 As at 31 December 2015 | | | | | | | | | |
| 資產 Assets | | | | | | | | | |
| 現金及短期資金 | Cash and short-term funds | 68,535 | 4,373,395 | 8,265,000 | 8,300,437 | - | - | - | 21,007,367 |
| 貸款組合 | Loan portfolio | 3,425 | 83,115 | 177,580 | 744,518 | 3,418,852 | 7,074,094 | 1,545 | 11,503,129 |
| 證券投資 | Investment securities | | | | | | | | |
| — 可供出售 | — available-for-sale | - | 601,873 | 477,899 | 1,697,903 | 1,521,602 | - | 2,339,090 | 6,638,367 |
| — 持有至到期 | — held-to-maturity | - | 176,973 | - | 783,633 | 5,241,407 | 4,071,988 | - | 10,274,001 |
| 再保險資產 | Reinsurance assets | - | - | - | - | - | - | 128,653 | 128,653 |
| | | 71,960 | 5,235,356 | 8,920,479 | 11,526,491 | 10,181,861 | 11,146,082 | 2,469,288 | 49,551,517 |
| 負債 Liabilities | | | | | | | | | |
| 保險負債 | Insurance liabilities | - | - | - | - | - | - | 978,845 | 978,845 |
| 已發行債務證券 | Debt securities issued | - | 4,106,271 | 4,137,561 | 8,915,442 | 13,142,801 | 3,161,136 | - | 33,463,211 |
| | | - | 4,106,271 | 4,137,561 | 8,915,442 | 13,142,801 | 3,161,136 | 978,845 | 34,442,056 |

除上述外，應收利息及匯款、預付款項及其他資產、應付利息、應付帳項、應付開支及當期稅項負債，預期將在呈報期日起計的十二個月內收回或償還。而在綜合財務狀況表的其他資產和負債，則預期由呈報期日起計需要逾十二個月才能收回或償還。

此外，外匯基金承諾透過循環信貸安排向本集團提供300億港元循環信貸。這個安排使本集團可在異常經濟環境下保持平穩營運，因而更有效地履行促進香港銀行及金融穩定的任務。

3.5. 保險風險

本集團的主要保險業務是按揭保險，為認可機構就所承造香港住宅物業貸款之信貸虧損風險提供最高可達30%的保險額，惟批出貸款時貸款額與物業價值比率為90%或以下，或按當時所指定的其他限制。本集團亦就認可機構給予香港的中小企及非上市企業的貸款，提供高達50%–70%的財務擔保保障；以及就認可機構給予以住宅物業作為擔保的安老按揭，和就認可機構給予資助房屋計劃的業主，以其資助物業作為擔保的一筆過、主要用於補地價的貸款，提供保險保障。

任何保險合約的風險為已投保事件發生的可能性及所引致的申索金額的不確定性。根據保險合約本身的特質，此類風險屬隨機，因此不能預計。

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

The main insurance business of the Group is the mortgage insurance which provides cover to the AIs for first credit losses of up to 30% 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 AIs up to 50% — 70% of the banking facilities granted to SMEs and non-listed enterprises in Hong Kong, insurance cover to AIs in respect of reverse mortgage loans originated by such AIs and secured on residential properties, and in respect of lump-sum loans advanced by such AIs to owners of properties of subsidised housing schemes primarily for land premium settlement and secured on these properties.

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.

對一組保險合約而言，按機會率的理論應用予定價及撥備時，本集團保險合約面對的主要風險為實際申索超出保險負債帳面值。當申索的次數及金額超過預計時，上述情況便可能發生。保險事件為隨機，而申索及賠償的實際次數及金額每年有所不同，同時亦可能有異於使用統計方法得出的估計數字。

經驗顯示類似保險合約的組合越大，預期後果的相對可變性則越低。此外，越是多元化的組合，越是不會由於組合內任何一組分組變動而使整體受影響。本集團已制定業務策略，以分散所接納保險風險種類，並在每個主要類別內歸納足夠宗數，從而降低預期後果的可變性。

申索的次數及金額可受多項因素影響。最主要因素為經濟衰退、本港物業市場下滑及借款人死亡率低。經濟衰退可能引致拖欠付款增加，影響申索次數和抵押品價值。物業價格下跌，會使抵押品價值低於按揭貸款未償還餘額，因而增加索償金額。安老按揭借款人死亡率低意味著更長的年金付款期，貸款金額隨著時間亦愈高。這將影響申索的次數及金額，因為會帶來物業價值在未來並不足以償還貸款的風險。

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.

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.

本集團採納一套審慎的保險承保資格準則管理有關風險。為確保預留充足撥備應付未來索償付款，本集團以審慎負債估值假設及按監管指引內規定的方法計算技術儲備。本集團亦向核准再保險公司按比例投保攤分再保險，致力減少按揭保險所面對的風險。本集團進行綜合評估，包括按信貸委員會制定的核准篩選架構，評估按揭再保險公司的財政實力及信貸評級。本集團會定期檢討核准再保險公司。至於就提供給認可機構的財務擔保保障，本集團依賴貸款人審慎評估借款人的信貸，從而減低拖欠風險；任何貸款安排導致的損失將在平等基礎上由本集團與貸款人按比例攤分，藉以減低道德風險。安老按揭貸款假設的死亡率會定期作出檢討，以評估營運時實際和預期結果的較大偏差所導致的風險。

於二零一六年十二月三十一日，如綜合比率增加1%，本年度溢利將減少300萬港元（二零一五年：300萬港元）。如綜合比率下降1%，本年度溢利將增加300萬港元（二零一五年：300萬港元）。

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. The Group conducts comprehensive assessment including the financial strength and credit ratings of the mortgage reinsurers in accordance with the approved selection framework set by the Credit Committee. The approved mortgage reinsurers are subject to periodic reviews. For financial guarantee cover provided to AIs, 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.

As at 31 December 2016, if combined ratio had increased by 1%, profit for the year would have been HK\$3 million (2015: HK\$3 million) lower. If combined ratio had decreased by 1%, profit for the year would have been HK\$3 million (2015: HK\$3 million) higher.

3.6. 金融資產及負債的公平值

(a) 公平值估計

下表列示按公平值(根據估值方法估算)確認的金融工具。公平值架構級別定義如下：

- 於活躍市場中有相同資產或負債之報價(第一層)；
- 除第一層所包括之報價外，就資產或負債能直接(如價格)或間接(如從價格推斷)可觀察之數據(第二層)；及
- 有關資產或負債並非基於可觀察之市場數據(不可觀察之數據)(第三層)。

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. The different levels of fair value hierarchy have been defined as follows:

- Quoted prices in active markets for identical assets or liabilities (**Level 1**);
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (**Level 2**); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (**Level 3**).

| | | 於二零一六年十二月三十一日 As at 31 December 2016 | | | 於二零一五年十二月三十一日 As at 31 December 2015 | | |
|-----------------------------|--|---|-----------------------------------|--------------------------------|---|-----------------------------------|--------------------------------|
| | | 第一層 Level 1 千港元 HK\$'000 | 第二層 Level 2 千港元 HK\$'000 | 總額 Total 千港元 HK\$'000 | 第一層 Level 1 千港元 HK\$'000 | 第二層 Level 2 千港元 HK\$'000 | 總額 Total 千港元 HK\$'000 |
| 資產 | Assets | | | | | | |
| 衍生金融工具 | Derivative financial instruments | - | 245,097 | 245,097 | - | 473,403 | 473,403 |
| 可供出售證券 | Available-for-sale securities | | | | | | |
| — 債務證券 | — Debt securities | 3,947,856 | 649,335 | 4,597,191 | 2,264,054 | 2,035,223 | 4,299,277 |
| — 其他證券 | — Other securities | 2,380,486 | - | 2,380,486 | 2,339,090 | - | 2,339,090 |
| | | 6,328,342 | 894,432 | 7,222,774 | 4,603,144 | 2,508,626 | 7,111,770 |
| 負債 | Liabilities | | | | | | |
| 衍生金融工具 | Derivative financial instruments | - | 1,702,859 | 1,702,859 | - | 1,821,927 | 1,821,927 |
| 於初始確認時指定為以公平值變化計入損益的已發行債務證券 | Debt securities issued designated as at fair value through profit or loss upon initial recognition | - | 137,385 | 137,385 | - | 343,398 | 343,398 |
| | | - | 1,840,244 | 1,840,244 | - | 2,165,325 | 2,165,325 |

於二零一六年十二月三十一日及二零一五年十二月三十一日，按公平值計量的金融工具並沒有使用不可觀察之市場數據為估值方法（第三層）。

於本年度，第一層與第二層的金融工具之間並沒有轉移。

(i) 第一層的金融工具

於活躍市場交易的金融工具，其公平值會根據呈報期日的市場報價。活躍市場是指可以容易地和定期地從交易所、交易員、經紀、行業協會、定價服務機構或監管機構取得報價，而該等價格代表按公平基準、實際和定期在市場的交易。如果按公平值計量的資產或負債有一個買入價和賣出價，在這個買賣差價範圍內的最能代表公平值的價格，應該用來計量公平值。而這類工具就被包括在第一層。

No financial instrument was measured at fair value using a valuation technique not supported by observable market data (Level 3) as at 31 December 2016 and 31 December 2015.

There was no transfer between Levels 1 and 2 during the year.

(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) 第二層的金融工具

並非在活躍市場交易的金融工具的公平價值按估值方法確定。估值方法會盡量利用市場上可取得的及可觀察的數據而盡可能少依賴對公司特定的估算。倘若計量工具的公平值時所需的重要資料是基於可觀察的數據，該工具則被包括在第2層。

倘若其中一個或以上的重要資料並非是基於可觀察的市場數據，該工具則被包括在第3層。

第2層的衍生工具包括利率掉期和貨幣掉期，這些衍生工具會利用可觀察到的收益率曲線，從而得到遠期利率和遠期匯率（如適用），用來計量公平值。

第2層的債務證券使用較不活躍市場上的市場報價，來計量公平值；如果沒有的話，可以使用現金流量折現分析方法，從債務工具的交易對手在市場上可觀察得到的報價，以得出折現率，用以折現合約現金流量。

(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.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Level 2 derivatives comprise interest rate swaps and currency swaps. These derivatives are fair valued using forward interest rates and forward exchange rates, if applicable, from observable yield curves.

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.

(b) 並非以公平值計量的金融資產和負債

於二零一六年十二月三十一日及二零一五年十二月三十一日，本集團並未於財務狀況表按公平值悉數呈列金融工具的帳面值與公平值並沒有重大不同。除其帳面值與公平值相若的金融工具外，下表為非以公平值計量的金融工具之帳面值、公平值及公平值架構級別：

(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 2016 and 31 December 2015 except for the following financial instruments, for which their carrying amounts and fair values and the level of fair value hierarchy are disclosed below:

| | | 於二零一六年十二月三十一日 As at 31 December 2016 | | | | 於二零一五年十二月三十一日 As at 31 December 2015 | | | |
|-------------|------------------------------|---|--------------------------------------|-----------------------------------|-----------------------------------|---|--------------------------------------|-----------------------------------|-----------------------------------|
| | | 帳面值 Carrying amount 千港元 HK\$'000 | 公平值 Fair value 千港元 HK\$'000 | 第一層 Level 1 千港元 HK\$'000 | 第二層 Level 2 千港元 HK\$'000 | 帳面值 Carrying amount 千港元 HK\$'000 | 公平值 Fair value 千港元 HK\$'000 | 第一層 Level 1 千港元 HK\$'000 | 第二層 Level 2 千港元 HK\$'000 |
| 金融資產 | Financial assets | | | | | | | | |
| 證券投資 | Investment securities | | | | | | | | |
| — 持有至到期 | — held-to-maturity | 9,931,665 | 10,129,040 | 9,829,061 | 299,979 | 10,274,001 | 10,506,512 | 10,206,401 | 300,111 |
| 金融負債 | Financial liabilities | | | | | | | | |
| 已發行債務證券 | Debt securities issued | 34,096,082 | 34,169,149 | — | 34,169,149 | 33,119,813 | 33,335,388 | — | 33,335,388 |

估計金融工具公平值時已使用
下列方法及重要假設：

(i) 現金及短期資金

現金及短期資金包括銀行存款。浮息存款的公平值即其帳面值。定息存款(存款期通常少於六個月)的估計公平值乃基於使用同類信貸風險債務的現行貨幣市場利率及剩餘年期計算之折現現金流量。因此，存款的公平值約等於其帳面值。

(ii) 貸款組合淨額

貸款組合於扣除減值撥備後列帳。小部分貸款組合按固定利率計息。因此，貸款組合的帳面值為公平值的合理估計。

(iii) 證券投資 — 持有至到期

持有至到期資產之公平值以市價或經紀／交易商報價的淨價為基礎。倘未能取得有關資料，則採用具有同類信貸、到期日及收益率等特點之證券所報的市價估計公平值。

(iv) 其他資產

這些主要代表於信貸支持附件下獲取的現金抵押品，其公平值與帳面值相若。

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. 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 — held-to-maturity

Fair value for held-to-maturity assets 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) Other assets

These mainly represent cash collateral received under CSA with the fair value approximating the carrying amount.

(v) 已發行債務證券

公平值總額乃基於市場報價的淨價計算。至於未有市場報價的債券，會基於到期前剩餘期限的現時收益率曲線並採用現金流量貼現模型計算。

(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) 其他負債

其他負債主要指二零零三年十二月及二零零四年一月自香港特別行政區政府(政府)購買的按揭貸款加強信貸安排的遞延代價，其公平值與帳面值相若。

(vi) Other liabilities

These mainly represent the deferred consideration used for credit enhancement on the mortgage loans purchased from the Government of the Hong Kong Special Administrative Region (**Government**) in December 2003 and January 2004 with the fair value approximating the carrying amount.

(vii) 應收利息及匯款及應付利息

應計利息被獨立確認，由於預期將在呈報期日起計的十二個月內收回或償還，其公平值與帳面值相若。匯款預期將在呈報期日起計一個月內收回，其公平值與帳面值相若。

(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. 資本管理

本集團管理資本(其涵蓋範圍較列於財務狀況表帳面的權益為廣)的目的如下：

- 需符合政府財政司司長(財政司司長)制定的資本規定；
- 確保本集團持續營運的能力，以繼續為股東提供回報；
- 維持本集團的穩定及發展；

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**);
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders;
- To support the Group's stability and growth;

- 按有效及風險為本的方法分配資本，優化對股東的經風險調節的回報；及
- 維持雄厚的資本基礎支持業務發展。

本集團管理層根據財政司司長頒布的資本充足率指引（指引），每日監控資本充足程度及監管資金的用途。指引主要參照巴塞爾協定II以風險為本的資本充足框架，而指引亦規定最低資本充足率為8%。

總裁須根據財政司司長頒布的指引每季度向董事局提交報告。如資本充足率下跌至14%的臨界水平，總裁會通知執行董事。如資本充足率下跌至12%或以下，董事局將獲通知，並會採取適當的補救措施。年內，本集團均遵守財政司司長制定的指引的所有資本規定。

下表概述本集團於呈報期末的資本基礎組成及資本充足率。

- To allocate capital in an efficient and risk based approach to optimise risk adjusted return to the shareholders; 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 Group's 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 year, the Group complied with all of the capital requirement set out in the Guidelines by the Financial Secretary.

The table below summarises the composition of capital base and the CAR of the Group as at the end of the reporting period.

| | | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
|------------------|---|-------------------------|-------------------------|
| 股本 | Share capital | 2,000,000 | 2,000,000 |
| 保留溢利 | Retained profits | 5,023,307 | 5,251,052 |
| 擬派股息 | Proposed dividends | — | (725,000) |
| 風險儲備 | Contingency reserve | 1,739,389 | 1,632,660 |
| 其他儲備 | Other reserve | 44,782 | 99,788 |
| 以組合形式評估貸款減值所作之撥備 | Allowance for loan impairment under collective assessment | 865 | 817 |
| 扣除 | Deductions | (127,723) | (79,742) |
| 資本基礎總額 | Total capital base | 8,680,620 | 8,179,575 |
| 資本充足率 | Capital Adequacy Ratio | 21.3% | 21.9% |

3.8. 金融資產及金融負債之對銷

下表披露涉及在本集團的綜合財務狀況表中並沒有對銷的金融資產和金融負債，但該等資產和負債受強制淨額結算安排或涵蓋類似金融工具的相若協議所約束。披露有助對總額和淨額的了解，及提供減低相關信貸風險的附加資料。

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.

| | | 於二零一六年十二月三十一日 As at 31 December 2016 | | | | 於二零一五年十二月三十一日 As at 31 December 2015 | | | |
|------------------|---|--|---|---|---------------------------------------|--|---|---|---------------------------------------|
| | | 相關但並未在綜合財務狀況表對銷的金額* | | | | 相關但並未在綜合財務狀況表對銷的金額* | | | |
| | | 綜合財務狀況表的帳面值 Carrying amounts on the consolidated statement of financial position 千港元 HK\$'000 | Related amount not set off in the consolidated statement of financial position* | | | 綜合財務狀況表的帳面值 Carrying amounts on the consolidated statement of financial position 千港元 HK\$'000 | 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 | 已付的現金抵押品 Cash collateral paid 千港元 HK\$'000 | 淨額* Net amount* 千港元 HK\$'000 | | 衍生金融工具 Derivative financial instruments 千港元 HK\$'000 | 已付的現金抵押品 Cash collateral paid 千港元 HK\$'000 | 淨額* Net amount* 千港元 HK\$'000 |
| 金融資產 | Financial assets | | | | | | | | |
| 正數的衍生金融工具 公平值 | Positive fair values for derivative financial instruments | 245,097 | (228,439) | - | 16,658 | 473,403 | (344,085) | - | 129,318 |
| 金融負債 | Financial liabilities | | | | | | | | |
| 負數的衍生金融工具 公平值 | Negative fair values for derivative financial instruments | 1,702,859 | (228,439) | (307,955) | 1,166,465 | 1,821,927 | (344,085) | (45,958) | 1,431,884 |

「相關但並未在綜合財務狀況表對銷的金額」指受淨額結算安排或相約協議包括信貸支持附件所約束的金融負債／資產金額。

* 淨額指受淨額結算安排或相約協議所約束的金融資產／負債，但倘若本集團的交易對手違約，其並沒有相等的金融負債／資產可與本集團作對銷。

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. 關鍵會計估計及假設

本集團採用對下一個財政年度的資產及負債列帳額有影響之估計及假設。本集團會根據過往經驗及其他因素（包括於有關情況下對未來事項作出的合理預期），持續評估所作估計及判斷。

4.1 貸款組合的減值撥備

本集團定期檢討其貸款組合以評估減值。釐定減值虧損是否應計入收益表時，本集團會判斷有否任何可觀察之數據，在可識別出貸款組合內個別貸款的預計未來現金流量減少前，顯示貸款組合之未來預計現金流量有可量度之下降。此等證據或會包括有可觀察數據顯示某一組借款人的還款狀況轉差，或出現與個別資產組別拖欠付款相關的經濟狀況。管理層估計未來現金流時，會依據過往信貸風險特徵虧損經驗及與有關組合相若的客觀減值證據。估計未來現金流金額及時間的方法及假設會定期檢討，以縮小估計虧損及實際虧損經驗的差異。

貸款組合於二零一六年十二月三十一日的帳面值在附註19內披露。

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 impairment on a regular basis. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group or economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. 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 2016 is disclosed in Note 19.

4.2 保險及擔保組合的未決申索撥備

本集團檢討其保險及擔保組合，以評估未決申索撥備，包括數額未經確定的申索及來自未通知承保者的事件之申索，即已產生但未申報及相關的索償付款開支。在決定未決申索撥備時，本集團在對本集團在保險及擔保合約下履行其責任中需支付作出判斷及假設，包括但不限於應用的損失嚴重率、經濟氣候及本地物業市場。估算最終申索數額的方法及假設會作定期檢討。

保險負債於二零一六年十二月三十一日的帳面值在附註26內披露。

5. 分類資料

本集團主要在香港從事按揭相關業務。其他業務，例如為提供資金以購入按揭貸款而發行的債務工具，及將按揭貸款收取款項所產生的盈餘資金進行再投資，被視為按揭業務的附屬業務。本集團作為一個整體，建基於以按揭相關業務作為單一分類來處理資源分配和績效評估。

4.2. Provision for outstanding claims on insurance and guarantee portfolios

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 2016 is disclosed in Note 26.

5. Segment information

The Group is principally engaged in mortgage related businesses in Hong Kong. Other activities such as debt issuance to fund the mortgage purchase and investment to reinvest the surplus funds from mortgage receipt are considered ancillary to mortgage business. The Group is also organised in such a way that resource allocation and performance measurement are based on the Group as a whole in a single segment for mortgage related businesses.

6. 利息收入

6. Interest income

| | | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
|---------|---------------------------|-------------------------|-------------------------|
| 貸款組合 | Loan portfolio | 184,269 | 240,202 |
| 現金及短期資金 | Cash and short-term funds | 233,572 | 207,807 |
| 證券投資 | Investment securities | 398,473 | 390,487 |
| | | 816,314 | 838,496 |

7. 利息支出

7. Interest expense

| | | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
|--------------|---------------------------------------|-------------------------|-------------------------|
| 銀行借款及已發行債務證券 | Bank loans and debt securities issued | 297,624 | 231,021 |
| 其他 | Others | 28,048 | 17,147 |
| | | 325,672 | 248,168 |

本年度利息支出包括3.24億港元(二零一五年：2.47億港元)來自並非以公平值變化計入損益的金融負債。

Included within interest expenses are HK\$324 million (2015: HK\$247 million) for financial liabilities that are not at fair value through profit or loss.

8. 按揭保險及擔保業務的收益帳 8. Revenue account for mortgage insurance and guarantee business

| | | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
|----------------------|--|-------------------------|-------------------------|
| 毛保費(附註(a)和附註26(a)) | Gross premiums written (Note (a) and Note 26(a)) | 436,577 | 319,137 |
| 再保險保費(附註26(a)) | Reinsurance premiums (Note 26(a)) | (69,015) | (47,886) |
| 保險費淨額(附註26(a)) | Net premiums written (Note 26(a)) | 367,562 | 271,251 |
| 未滿期保費的(增加)/減少淨額 | (Increase)/decrease in unearned premiums, net | (52,558) | 107,362 |
| 已滿期保費淨額(附註26(a)) | Net premiums earned (Note 26(a)) | 315,004 | 378,613 |
| 申索(產生)/回撥淨額(附註26(b)) | Net claims (incurred)/written back (Note 26(b)) | (4,066) | 7,583 |
| 撥備後已滿期保費淨額 | Net premiums earned after provisions | 310,938 | 386,196 |
| 佣金支出 | Commission expenses | (139,116) | (98,933) |
| 再保險公司承擔的佣金支出 | Reinsurers' share of commission expenses | 22,157 | 15,565 |
| 佣金支出淨額 | Net commission expenses | (116,959) | (83,368) |
| 扣除管理開支前的已滿期保費淨額 | Net premiums earned before management expenses | 193,979 | 302,828 |
| 管理開支(附註(b)) | Management expenses (Note (b)) | (73,416) | (71,149) |
| 承保收益 | Underwriting gains | 120,563 | 231,679 |

附註：

(a) 毛保費主要來自按揭保險業務，小部分來自中小企及非上市企業貸款的擔保費，與及來自安老按揭貸款和為資助房屋計劃的業主而設主要用於補地價的一筆過貸款的保費。

(b) 管理開支為附註10經營支出的一部分。

Notes:

(a) Gross premiums were mainly derived from mortgage insurance cover on mortgage loans with a small portion of guarantee fees written from guarantee business on loans to SMEs and non-listed enterprises, premiums written from mortgage insurance cover on reverse mortgage loans and on lump-sum loans to owners of properties of subsidised housing schemes primarily for land premium settlement.

(b) Management expenses formed part of the operating expenses in Note 10.

9. 其他收入

9. Other income

| | | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
|-----------------|--|-------------------------|-------------------------|
| 提早還款費用及過期罰款 | Early prepayment fees and late charges | 550 | 774 |
| 匯兌差額 | Exchange difference | (20,681) | (38,708) |
| 金融工具公平值變動淨額 | Net change in fair value of financial instruments | (7,640) | (11,763) |
| 可供出售上市投資的股息收入 | Dividend income from available-for-sale listed investments | 83,440 | 72,748 |
| 出售投資的收益淨額(附註12) | Net gains on disposal of investments (Note 12) | 159,841 | 122,010 |
| 其他 | Others | (2,406) | (2,235) |
| | | 213,104 | 142,826 |

金融工具公平值變動相當於以下各項的總和：(i) 指定為公平值對沖的對沖工具公平值虧損9,500萬港元(二零一五年：3.32億港元)及對沖項目公平值收益8,600萬港元(二零一五年：3.28億港元)；及(ii) 不符合採用對沖會計方法的衍生工具公平值虧損1,200萬港元(二零一五年：1,400萬港元)及指定為以公平值變化計入損益的已發行債務證券公平值收益1,300萬港元(二零一五年：600萬港元)。

Change in fair value of financial instruments represented the aggregate of (i) HK\$95 million fair value loss on hedging instruments designated as fair value hedge (2015: HK\$332 million) and HK\$86 million fair value gain on the hedged items (2015: HK\$328 million); and (ii) HK\$12 million fair value loss on derivatives not qualified as hedges for accounting purposes (2015: HK\$14 million) and HK\$13 million fair value gain on debt securities issued designated as at fair value through profit or loss (2015: HK\$6 million).

10. 經營支出

10. Operating expenses

| | | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
|-----------------------------|---|-------------------------|-------------------------|
| 僱員成本 | Staff costs | | |
| — 薪金及福利 | — Salaries and benefits | 164,057 | 158,677 |
| — 退休金成本 — 界定供款計劃 | — Pension costs — defined contribution plans | 10,017 | 9,313 |
| 辦公室 | Premises | | |
| — 租金 | — Rental | 30,966 | 30,966 |
| — 其他 | — Others | 6,400 | 6,509 |
| 董事袍金 | Directors' fees | — | — |
| 就董事參與公司管理事務的 其他服務而付予之酬金： | Emoluments in respect of directors' other services in connection with the management of the affairs of the Company: | | |
| — 薪金、津貼及花紅 | — Salaries, allowances and bonus | 5,132 | — |
| — 為退休計劃所作之供款 | — Retirement scheme contributions | 508 | — |
| 折舊(附註23) | Depreciation (Note 23) | 15,885 | 17,772 |
| 財經資訊服務 | Financial information services | 6,266 | 6,075 |
| 顧問費 | Consultancy fees | 9,676 | 11,364 |
| 其他經營支出 | Other operating expenses | 27,786 | 25,972 |
| | | 276,693 | 266,648 |

11. 核數師酬金

11. Auditor's remuneration

| | | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
|--------|-------------------------|-------------------------|-------------------------|
| 核數師酬金： | Auditor's remuneration: | | |
| — 審核服務 | — Audit services | 1,485 | 1,433 |
| — 其他服務 | — Other services | 1,425 | 314 |
| | | 2,910 | 1,747 |

12. 出售投資的收益淨額

12. Net gains on disposal of investments

| | | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
|---------------------|---|-------------------------|-------------------------|
| 出售投資的收益淨額： | Net gains on disposal of investments: | | |
| — 變現於一月一日已於儲備內確認的款項 | — Realisation of amounts recognised in reserves up to 1 January | 122,970 | 129,989 |
| — 本年度產生收益／(虧損)淨額 | — Net gains/(losses) arising in current year | 36,871 | (7,979) |
| | | 159,841 | 122,010 |

13. 貸款減值回撥

13. Write-back of loan impairment allowances

| | | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
|-----------------|---|-------------------------|-------------------------|
| 貸款減值回撥： | Write-back of loan impairment allowances: | | |
| — 組合評估(附註19(b)) | — Collective assessment (Note 19(b)) | 713 | 242 |

14. 稅項

14. Taxation

(a) 於綜合收益表內扣除的稅項為：

(a) Taxation charge in the consolidated income statement represents:

| | | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
|--------------|--|-------------------------|-------------------------|
| 香港利得稅： | Hong Kong profits tax: | | |
| — 當期所得稅 | — Current income tax | 27,543 | 57,427 |
| — 過往年度調整 | — Adjustment in respect of prior years | (9,373) | (13,190) |
| | | 18,170 | 44,237 |
| 遞延稅項： | Deferred taxation: | | |
| — 本年度(退回)/支出 | — (Credit)/charge for current year | (409) | 187 |
| | | 17,761 | 44,424 |

就本年度產生的估計應課稅溢利按16.5%(二零一五年：16.5%)的稅率計提香港利得稅撥備。遞延稅項以負債法按16.5%(二零一五年：16.5%)的主要稅率計算全部的暫時差額。

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the year. Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 16.5% (2015: 16.5%).

本集團的除稅前溢利的稅項與採用香港稅率計算的理論金額的差異如下：

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:

| | | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
|--------------------------|--|-------------------------|-------------------------|
| 除稅前溢利 | Profit before taxation | 621,745 | 769,576 |
| 按16.5%(二零一五年：16.5%)的稅率計算 | Calculated at a taxation rate of 16.5% (2015: 16.5%) | 102,588 | 126,980 |
| 稅務影響： | Tax effect of: | | |
| — 毋須繳稅的收入 | — income not subject to taxation | (112,754) | (99,817) |
| — 不可扣稅的開支 | — expenses not deductible for taxation purposes | 37,300 | 30,451 |
| — 過往年度調整 | — adjustment in respect of prior years | (9,373) | (13,190) |
| 稅項開支 | Taxation charge | 17,761 | 44,424 |

(b) 財務狀況表內的稅項撥備為：

(b) Provision for taxation in the statement of financial position represents:

| | | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
|------------------------|--|-------------------------|-------------------------|
| 當期稅項資產 (包括於「其他資產」內) | Current tax assets (included in "Other assets") | 2,322 | 1,115 |
| 當期稅項負債 | Current tax liabilities | 94,745 | 129,153 |
| 遞延稅項負債 | Deferred tax liabilities | 16,660 | 37,093 |
| | | 111,405 | 166,246 |

於二零一六年十二月三十一日及二零一五年十二月三十一日，並無任何重大未撥備遞延稅項。

There was no significant unprovided deferred taxation as at 31 December 2016 and 31 December 2015.

遞延稅項(資產)/負債的主要組成部分及年內變動如下：

The major components of deferred tax (assets)/liabilities and the movements during the year are as follows:

| | | 加速稅項折舊 Accelerated tax depreciation 千港元 HK\$'000 | 減值撥備 Impairment allowances and provisions 千港元 HK\$'000 | 公平值變動 Fair value changes 千港元 HK\$'000 | 現金流對沖 Cash flow hedges 千港元 HK\$'000 | 總額 Total 千港元 HK\$'000 |
|---------------|---|---|--|---|---|--------------------------------|
| 於二零一五年一月一日 | As at 1 January 2015 | 3,507 | (3,820) | 77,146 | (535) | 76,298 |
| 於收益表內(存入)/扣除 | (Credited)/charged to income Statement | (393) | 580 | - | - | 187 |
| 於權益內(存入)/扣除 | (Credited)/charged to equity | - | - | (39,927) | 535 | (39,392) |
| 於二零一五年十二月三十一日 | As at 31 December 2015 | 3,114 | (3,240) | 37,219 | - | 37,093 |
| 於收益表內存入 | Credited to income statement | (303) | (106) | - | - | (409) |
| 於權益內存入 | Credited to equity | - | - | (20,024) | - | (20,024) |
| 於二零一六年十二月三十一日 | As at 31 December 2016 | 2,811 | (3,346) | 17,195 | - | 16,660 |

於十二個月內，無任何重大遞延稅項資產/負債需要結算。

There is no significant amount of deferred tax assets/liabilities to be settled within twelve months.

15. 股息

15. Dividends

| | | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
|-------------------------------|---|-------------------------|-------------------------|
| 擬派二零一五年度普通股息 每股普通股0.3625港元 | Proposed ordinary dividend of HK\$0.3625 per ordinary share in respect of 2015 | – | 725,000 |

於二零一六年和二零一五年已付的二零一五年和二零一四年度股息分別為7.25億港元(普通股息每股普通股0.3625港元)及3.5億港元(普通股息每股普通股0.175港元)。於二零一七年四月十日，由於業務發展，董事宣佈在二零一六年度不派發股息。

The dividends paid in 2016 and 2015 in respect of 2015 and 2014 were HK\$725 million (ordinary dividend of HK\$0.3625 per ordinary share) and HK\$350 million (ordinary dividend of HK\$0.175 per ordinary share) respectively. On 10 April 2017, the directors announced that no dividend will be paid in respect of 2016 in view of business development.

16. 現金及短期資金

16. Cash and short-term funds

| | | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
|--------|--------------------------|-------------------------|-------------------------|
| 銀行現金 | Cash at banks | 58,444 | 68,535 |
| 銀行定期存款 | Time deposits with banks | 23,757,227 | 20,938,832 |
| | | 23,815,671 | 21,007,367 |

就現金流量表而言，現金及等同現金項目包括以下自交易日期起計三個月內到期的結餘。

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.

| | | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
|-----------|---------------------------|-------------------------|-------------------------|
| 銀行現金 | Cash at banks | 58,444 | 68,535 |
| 銀行定期存款 | Time deposits with banks | 6,044,390 | 7,694,015 |
| 現金及等同現金項目 | Cash and cash equivalents | 6,102,834 | 7,762,550 |

17. 應收利息及匯款

17. Interest and remittance receivables

| | | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
|----------------|--|-------------------------|-------------------------|
| 以下各項的應收利息： | Interest receivable from: | | |
| — 利率掉期合約 | — interest rate swap contracts | 171,054 | 140,599 |
| — 證券投資 | — investment securities | 111,682 | 110,473 |
| — 銀行定期存款 | — time deposits with banks | 41,501 | 35,218 |
| 貸款組合的應收利息及分期付款 | Interest receivable and instalments, in transit from loan portfolio | 35,172 | 40,488 |
| | | 359,409 | 326,778 |

18. 衍生金融工具

18. Derivative financial instruments

(a) 衍生工具的應用

本集團應用下列衍生工具對沖本集團的金融風險。

貨幣及利率掉期為以一組現金流量換取另一組現金流量的承諾。掉期導致貨幣或利率或兩者組合的轉換。除若干貨幣掉期外，該等交易不涉及轉換本金。本集團的信貸風險為交易對手未能履行其責任而重置掉期合約的潛在成本。本集團根據審慎的庫務交易對手風險管理機制，持續監測有關風險。

若干種類金融工具的名義金額，為於綜合財務狀況表確認的工具提供一個比較的基準，惟未必反映涉及的未來現金流量的金額或工具當前的公平值，因此，並不能反映本集團面臨的信貸或價格風險。隨著市場利率及匯率相對其條款的波動，衍生工具可能對本集團產生有利(資產)或不利(負債)的影響。衍生金融工具的合約或名義金額總額、上述有利或不利影響幅度，及衍生工具金融資產及負債之公平總值，可能不時大幅波動。所持有的衍生工具公平值載於下文。

(a) Use of derivatives

The Group uses the following derivative instruments to hedge the Group's financial risks.

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.

| | | 2016 | | | 2015 | | |
|------|----------------------|--|--|-------------|--|---|-------------|
| | | 合約／ 名義金額 Contract/ notional amounts 千港元 HK\$'000 | 公平值 Fair values 資產 Assets 千港元 HK\$'000 | | 合約／ 名義金額 Contract/ notional amounts 千港元 HK\$'000 | 公平值 Fair values 資產 Assets 千港元 HK\$'000 | |
| | | | 負債 Liabilities 千港元 HK\$'000 | | | 負債 Liabilities 千港元 HK\$'000 | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| (i) | 不符合採用對沖會計方法的 衍生工具 | (i) | Derivatives not qualified as hedges for accounting purposes | | | | |
| | 利率掉期 | | Interest rate swaps | | | | |
| | | 183,467 | 6,648 | (261) | 374,895 | 18,800 | (478) |
| | | | 6,648 | (261) | | 18,800 | (478) |
| (ii) | 公平值對沖衍生工具 | (ii) | Fair value hedge derivatives | | | | |
| | 利率掉期 | | Interest rate swaps | | | | |
| | 貨幣掉期 | | Currency swaps | | | | |
| | | 19,232,500 | 238,449 | (100,476) | 14,227,500 | 454,279 | (1,811) |
| | | 7,218,109 | - | (1,602,122) | 14,569,037 | 324 | (1,819,638) |
| | | | 238,449 | (1,702,598) | | 454,603 | (1,821,449) |
| | 已確認衍生工具資產／(負債) 總額 | | Total recognised derivative assets/(liabilities) | | | | |
| | | | 245,097 | (1,702,859) | | 473,403 | (1,821,927) |

(b) 對沖活動

倘衍生工具作為公平值對沖或現金流對沖，就會計處理而言，衍生工具入帳時符合對沖資格。本集團的公平值對沖主要包括用於保障因已發行債務證券公平值的任何潛在變動所引致的利率風險和外匯風險的利率和貨幣掉期。於二零一六年十二月三十一日及二零一五年十二月三十一日，並無任何指定以現金流對沖衍生工具。

(b) Hedging activities

Derivatives may qualify as hedges for accounting purposes if they are fair value hedges or cash flow hedges. The Group's fair value hedge principally consists of interest rate and currency swaps that are used to protect interest rate risk and foreign currency risk resulting from any potential change in fair value of underlying debt securities issued. There were no derivatives designated as cash flow hedges as at 31 December 2016 and 31 December 2015.

19. 貸款組合淨額

19. Loan portfolio, net

(a) 貸款組合減撥備

(a) Loan portfolio less allowance

| | | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
|----------|--------------------------------|-------------------------|-------------------------|
| 住宅按揭貸款組合 | Residential mortgage portfolio | 9,084,480 | 10,935,170 |
| 非按揭貸款組合 | Non-mortgage portfolio | 450,346 | 567,959 |
| | | 9,534,826 | 11,503,129 |
| 貸款減值撥備 | Allowance for loan impairment | (865) | (817) |
| | | 9,533,961 | 11,502,312 |

貸款減值撥備總額佔貸款組合尚未償還本金結餘的百分比如下：

Total allowance for loan impairment as a percentage of the outstanding principal balances of the loan portfolio is as follows:

| | | 2016 | 2015 |
|---------------------|---|-------|-------|
| 貸款減值撥備總額佔貸款組合總額的百分比 | Total allowance for loan impairment as a percentage of the gross loan portfolio | 0.01% | 0.01% |

(b) 貸款組合的貸款減值撥備

(b) Allowance for loan impairment on loan portfolio

| | | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
|---------------|--|-------------------------|-------------------------|
| 組合評估 | Collective assessment | | |
| 於一月一日 | As at 1 January | 817 | 1,734 |
| 於收益表內回撥(附註13) | Released to income statement (Note 13) | (713) | (242) |
| 撇銷貸款 | Loans written off | (581) | (2,202) |
| 收回已撇銷貸款 | Recoveries of loans previously written off | 1,342 | 1,527 |
| 於十二月三十一日 | As at 31 December | 865 | 817 |

作出貸款減值撥備時，已考慮抵押品的目前市值。

Allowance for loan impairment has been made after taking into account the current market value of the collateral.

以組合形式評估的個別已減值貸款分析如下：

Individually impaired loans collectively assessed on a portfolio basis are analysed as follows:

| | | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
|----------------------------|---|-------------------------|-------------------------|
| 減值貸款組合總額 | Gross impaired loan portfolio | 1,100 | 983 |
| 貸款減值撥備 | Allowance for loan impairment | (829) | (756) |
| | | 271 | 227 |
| 貸款減值撥備佔減值貸款組合總額的百分比 | Allowance for loan impairment as a percentage of gross impaired loan portfolio | 75.4% | 76.9% |
| 減值貸款組合總額佔貸款組合總額的百分比 | Gross impaired loan portfolio as a percentage of gross loan portfolio | 0.01% | 0.01% |
| 以組合形式評估不可獨立識別減值的貸款所作貸款減值撥備 | Allowance for loan impairment under collective assessment for loans not individually identified as impaired | 36 | 61 |

(c) 貸款組合內的融資租賃投資淨額

(c) Net investments in finance leases included in loan portfolio

| | | 2016 | | |
|-----------|--|---|--|--|
| | | 最低應收租約 款項現值 Present value of minimum lease payments receivable 千港元 HK\$'000 | 未來期間的 利息收入 Interest income relating to future periods 千港元 HK\$'000 | 最低應收租約 款項總額 Total minimum lease payments receivable 千港元 HK\$'000 |
| 應收款項： | Amounts receivable: | | | |
| — 一年內 | — within one year | 38,299 | 8,293 | 46,592 |
| — 一年後至五年內 | — after one year but within five years | 140,445 | 25,904 | 166,349 |
| — 五年後 | — after five years | 256,191 | 31,578 | 287,769 |
| | | 434,935 | 65,775 | 500,710 |

| | | 2015 | | |
|-----------|---|---|--|--|
| | | 最低應收租約 款項現值 Present value of minimum lease payments receivable 千港元 HK\$'000 | 未來期間的 利息收入 Interest income relating to future periods 千港元 HK\$'000 | 最低應收租約 款項總額 Total minimum lease payments receivable 千港元 HK\$'000 |
| 應收款項： | Amounts receivable: | | | |
| — 一年內 | — within one year | 47,001 | 9,863 | 56,864 |
| — 一年後至五年內 | — after one year but within five years | 173,387 | 30,780 | 204,167 |
| — 五年後 | — after five years | 330,027 | 38,339 | 368,366 |
| | | 550,415 | 78,982 | 629,397 |

沒有就融資租約應收帳款作出貸款減值撥備。

No allowance for loan impairment has been provided for finance lease receivable.

20. 證券投資

20. Investment securities

(a) 可供出售證券

(a) Available-for-sale securities

| | | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
|-------------|-------------------------------------|-------------------------|-------------------------|
| 按公平值列帳的債務證券 | Debt securities at fair value | | |
| 於香港上市 | Listed in Hong Kong | 93,280 | 224,082 |
| 於香港境外上市 | Listed outside Hong Kong | 1,879,600 | 807,716 |
| 非上市 | Unlisted | 2,624,311 | 3,267,479 |
| 按公平值列帳的其他證券 | Other securities at fair value | | |
| 於香港上市 | Listed in Hong Kong | 2,380,486 | 2,339,090 |
| 可供出售證券總額 | Total available-for-sale securities | 6,977,677 | 6,638,367 |

其他證券指交易所買賣基金及房地產投資信託基金。

Other securities refer to exchange-traded funds and real estate investment trusts.

按發行機構類別分析可供出售證券如下：

Available-for-sale securities are analysed by categories of issuers as follows:

| | | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
|-----------|--|-------------------------|-------------------------|
| 銀行及其他金融機構 | Banks and other financial institutions | 3,799,257 | 3,453,212 |
| 公司企業 | Corporate entities | 751,021 | 655,380 |
| 中央政府 | Central governments | – | 175,148 |
| 公營機構 | Public sector entities | 46,913 | 15,537 |
| 其他 | Others | 2,380,486 | 2,339,090 |
| | | 6,977,677 | 6,638,367 |

可供出售證券的變動概述如下：

The movement in available-for-sale securities is summarised as follows:

| | | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
|----------|----------------------|-------------------------|-------------------------|
| 於一月一日 | As at 1 January | 6,638,367 | 5,734,162 |
| 增加 | Additions | 4,422,019 | 4,265,100 |
| 出售及贖回 | Sale and redemption | (4,076,381) | (3,240,614) |
| 攤銷 | Amortisation | (2,366) | 3,423 |
| 公平值變動 | Change in fair value | 733 | (111,566) |
| 外幣匯兌差額 | Exchange difference | (4,695) | (12,138) |
| 於十二月三十一日 | As at 31 December | 6,977,677 | 6,638,367 |

(b) 持有至到期證券

(b) Held-to-maturity securities

| | | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
|--------------|-----------------------------------|-------------------------|-------------------------|
| 按攤銷成本列帳的債務證券 | Debt securities at amortised cost | | |
| 於香港上市 | Listed in Hong Kong | 4,359,124 | 4,430,543 |
| 於香港境外上市 | Listed outside Hong Kong | 1,834,588 | 1,685,300 |
| | | 6,193,712 | 6,115,843 |
| 非上市 | Unlisted | 3,737,953 | 4,158,158 |
| 持有至到期證券總額 | Total held-to-maturity securities | 9,931,665 | 10,274,001 |

按發行機構類別分析持有至到期證券如下：

Held-to-maturity securities are analysed by categories of issuers as follows:

| | | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
|-----------|--|-------------------------|-------------------------|
| 銀行及其他金融機構 | Banks and other financial institutions | 5,154,957 | 5,569,556 |
| 公司企業 | Corporate entities | 3,801,339 | 3,954,900 |
| 公營機構 | Public sector entities | 908,595 | 678,756 |
| 中央政府 | Central governments | 66,774 | 70,789 |
| | | 9,931,665 | 10,274,001 |

持有至到期證券的變動概述如下：

The movement in held-to-maturity securities is summarised as follows:

| | | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
|----------|---------------------|-------------------------|-------------------------|
| 於一月一日 | As at 1 January | 10,274,001 | 9,168,795 |
| 增加 | Additions | 676,237 | 2,112,356 |
| 出售及贖回 | Sale and redemption | (980,514) | (956,997) |
| 攤銷 | Amortisation | (15,508) | (10,951) |
| 外幣匯兌差額 | Exchange difference | (22,551) | (39,202) |
| 於十二月三十一日 | As at 31 December | 9,931,665 | 10,274,001 |

21. 附屬公司投資

於二零一六年十二月三十一日，本公司的附屬公司詳情如下：

21. Interests in subsidiaries

Details of the subsidiaries of the Company as at 31 December 2016 are as follows:

| 名稱 Name | 註冊成立地點 Place of incorporation | 主要業務 Principal activities | 已發行及繳足股份詳情 (股份的類別) Particulars of issued and fully paid up share capital (Class of share) | 由公司的附屬公司(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) | Percentage of shares held by the Company's subsidiary (or its nominee) |
|---|----------------------------------|--|--|--|---|
| 香港按揭管理有限公司 | 香港 | 購入及管理按揭貸款和為小型貸款融資 | 1,000,000 港元 (普通股) | 100% | 不適用 |
| HKMC Mortgage Management Limited | Hong Kong | Mortgage purchases and servicing, and funding of microfinance loans | HK\$1,000,000 (Ordinary) | 100% | N/A |
| 香港按揭證券融資(第一)有限公司* | 香港 | 於二零一六年並無商業活動 | 1,000 港元 (普通股) | 不適用 | 不適用 |
| HKMC Funding Corporation (1) Limited* | Hong Kong | No business activity in 2016 [#] | HK\$1,000 (Ordinary) | N/A | N/A |
| Bauhinia MBS Limited* | 開曼群島 | 於二零一六年並無商業活動 | 1,000 美元 (普通股) | 不適用 | 不適用 |
| Bauhinia MBS Limited* | Cayman Islands | No business activity in 2016 [#] | US\$1,000 (Ordinary) | N/A | N/A |
| 香港按揭信貸保證有限公司 | 香港 | 不活動狀態 | 1 港元 (普通股) | 不適用 | 100% |
| HKMC Credit & Guarantee Corporation Limited | Hong Kong | Dormant | HK\$1 (Ordinary) | N/A | 100% |
| Hong Kong Mortgage Credit & Guarantee Corporation Limited | 香港 | 不活動狀態 | 1 港元 (普通股) | 不適用 | 100% |
| Hong Kong Mortgage Credit & Guarantee Corporation Limited | Hong Kong | Dormant | HK\$1 (Ordinary) | N/A | 100% |
| * 根據香港《公司條例》附表1，這些公司被定義為附屬企業，而本公司並沒有持有這些公司的股份。 | | * These companies are subsidiary undertakings as defined in Schedule 1 of the Hong Kong Companies Ordinance and the Company does not hold shares in these companies. | | | |
| # 這些公司為購入按揭貸款和發行按揭證券而成立。 | | # These companies are set up for mortgage purchases and mortgage-backed securities issuance. | | | |

22. 預付款項、按金及其他資產

22. Prepayments, deposits and other assets

| | | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
|--------|---------------------------|-------------------------|-------------------------|
| 收回資產 | Reposessed assets | 943 | 65 |
| 公司會籍債券 | Corporate club debentures | 750 | 750 |
| 其他資產 | Other assets | 358,116 | 86,424 |
| | | 359,809 | 87,239 |

23. 固定資產

23. Fixed assets

| | | 租賃物業裝修 Leasehold improvement 千港元 HK\$'000 | 辦公室設備、 傢俬及裝備 Office equipment, furniture and fixtures 千港元 HK\$'000 | 電腦 Computers 千港元 HK\$'000 | 汽車 Motor vehicle 千港元 HK\$'000 | 總額 Total 千港元 HK\$'000 |
|---------------|--|---|---|------------------------------------|---|--------------------------------|
| 於二零一五年一月一日 | Net book amount as at 1 January 2015 | | | | | |
| 帳面淨額 | | 17,915 | 1,583 | 15,505 | 106 | 35,109 |
| 添置 | Additions | 142 | 213 | 8,588 | 350 | 9,293 |
| 折舊(附註10) | Depreciation charge (Note 10) | (6,153) | (624) | (10,831) | (164) | (17,772) |
| 於二零一五年十二月三十一日 | Net book amount as at 31 December 2015 | | | | | |
| 帳面淨額 | | 11,904 | 1,172 | 13,262 | 292 | 26,630 |
| 添置 | Additions | 112 | 206 | 7,464 | – | 7,782 |
| 折舊(附註10) | Depreciation charge (Note 10) | (6,211) | (709) | (8,878) | (87) | (15,885) |
| 於二零一六年十二月三十一日 | Net book amount as at 31 December 2016 | | | | | |
| 帳面淨額 | | 5,805 | 669 | 11,848 | 205 | 18,527 |
| 於二零一六年十二月三十一日 | As at 31 December 2016 | | | | | |
| 成本值 | Cost | 27,915 | 7,834 | 174,210 | 775 | 210,734 |
| 累計折舊 | Accumulated depreciation | (22,110) | (7,165) | (162,362) | (570) | (192,207) |
| 帳面淨額 | Net book amount | 5,805 | 669 | 11,848 | 205 | 18,527 |
| 於二零一五年十二月三十一日 | As at 31 December 2015 | | | | | |
| 成本值 | Cost | 27,803 | 7,628 | 166,746 | 1,000 | 203,177 |
| 累計折舊 | Accumulated depreciation | (15,899) | (6,456) | (153,484) | (708) | (176,547) |
| 帳面淨額 | Net book amount | 11,904 | 1,172 | 13,262 | 292 | 26,630 |

24. 應付利息

24. Interest payable

| | | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
|------------|--------------------------------|-------------------------|-------------------------|
| 以下各項的應付利息： | Interest payable from: | | |
| — 已發行債務證券 | — debt securities issued | 206,101 | 159,643 |
| — 利率掉期合約 | — interest rate swap contracts | 9,317 | 10,056 |
| — 其他負債 | — other liabilities | 2,735 | 1,154 |
| | | 218,153 | 170,853 |

25. 應付帳項、應付開支及其他負債

25. Accounts payable, accrued expenses and other liabilities

| | | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
|-----------|---------------------------------------|-------------------------|-------------------------|
| 應付帳項及應付開支 | Accounts payable and accrued expenses | 107,400 | 46,838 |
| 其他負債 | Other liabilities | 5,089,076 | 4,717,601 |
| 其他撥備 | Other provision | 31,917 | 30,984 |
| | | 5,228,393 | 4,795,423 |

其他負債是指中小企融資擔保計劃下的特別優惠措施所收到的擔保費及撥款(已扣除申索及相關開支)807,181,000港元(二零一五年：460,447,000港元)(附註32)，與及指用於二零零三年十二月及二零零四年一月自政府購買的按揭貸款信貸安排加強措施的遞延代價4,281,895,000港元(二零一五年：4,257,154,000港元)。

Other liabilities represented the guarantee fee and fund received (net of claims and related expenses) of HK\$807,181,000 (2015: HK\$460,447,000) under the special concessionary measures of the SME Financing Guarantee Scheme (Note 32) and the deferred consideration of HK\$4,281,895,000 (2015: HK\$4,257,154,000) used for credit enhancement on the mortgage loans purchased from the Government in December 2003 and January 2004.

26. 保險負債及再保險資產

26. Insurance liabilities and reinsurance assets

| | | 2016 | | | 2015 | | |
|--------------|--|--------------------------------|---------------------------------------|------------------------------|--------------------------------|---------------------------------------|------------------------------|
| | | 毛額 Gross 千港元 HK\$'000 | 再保險 Reinsurance 千港元 HK\$'000 | 淨額 Net 千港元 HK\$'000 | 毛額 Gross 千港元 HK\$'000 | 再保險 Reinsurance 千港元 HK\$'000 | 淨額 Net 千港元 HK\$'000 |
| 未滿期保費及擔保費用撥備 | Provision for unearned premiums and guarantee fees | 1,013,155 | 142,155 | 871,000 | 943,685 | 125,243 | 818,442 |
| 未決申索撥備： | Provision for outstanding claims: | | | | | | |
| — 已申報／(收回)申索 | — claims reported/(recovery) | 10,981 | 235 | 10,746 | 9,771 | (1) | 9,772 |
| — 已產生但未申報申索 | — claims incurred but not reported | 24,414 | 3,637 | 20,777 | 25,389 | 3,411 | 21,978 |
| | | 35,395 | 3,872 | 31,523 | 35,160 | 3,410 | 31,750 |
| | | 1,048,550 | 146,027 | 902,523 | 978,845 | 128,653 | 850,192 |

(a) 未滿期保費及擔保費用撥備變動分析如下

(a) Analysis of movement in provision for unearned premiums and guarantee fees

| | | 2016 | | | 2015 | | |
|------------|---------------------------|--------------------------------|---------------------------------------|------------------------------|--------------------------------|---------------------------------------|------------------------------|
| | | 毛額 Gross 千港元 HK\$'000 | 再保險 Reinsurance 千港元 HK\$'000 | 淨額 Net 千港元 HK\$'000 | 毛額 Gross 千港元 HK\$'000 | 再保險 Reinsurance 千港元 HK\$'000 | 淨額 Net 千港元 HK\$'000 |
| 於一月一日 | As at 1 January | 943,685 | 125,243 | 818,442 | 1,066,272 | 140,468 | 925,804 |
| 已收取保費(附註8) | Premiums written (Note 8) | 436,577 | 69,015 | 367,562 | 319,137 | 47,886 | 271,251 |
| 已滿期保費(附註8) | Premiums earned (Note 8) | (367,107) | (52,103) | (315,004) | (441,724) | (63,111) | (378,613) |
| 於十二月三十一日 | As at 31 December | 1,013,155 | 142,155 | 871,000 | 943,685 | 125,243 | 818,442 |

(b) 未決申索撥備變動分析如下

(b) Analysis of movement in provision for outstanding claims

| | | 2016 | | | 2015 | | |
|------------------|--|--------------------------------|---------------------------------------|------------------------------|--------------------------------|---------------------------------------|------------------------------|
| | | 毛額 Gross 千港元 HK\$'000 | 再保險 Reinsurance 千港元 HK\$'000 | 淨額 Net 千港元 HK\$'000 | 毛額 Gross 千港元 HK\$'000 | 再保險 Reinsurance 千港元 HK\$'000 | 淨額 Net 千港元 HK\$'000 |
| 於一月一日 | As at 1 January | 35,160 | 3,410 | 31,750 | 45,817 | 3,711 | 42,106 |
| 已付申索 | Claims paid | (5,958) | — | (5,958) | (3,051) | — | (3,051) |
| 已收回申索 | Claims recovery | 1,824 | 159 | 1,665 | 585 | 307 | 278 |
| 已產生／(回撥)申索(附註8)： | Claims incurred/(written back) (Note 8)： | | | | | | |
| — 已申報申索 | — claims reported | 5,344 | 77 | 5,267 | (3,415) | (304) | (3,111) |
| — 已產生但未申報申索 | — claims incurred but not reported | (975) | 226 | (1,201) | (4,776) | (304) | (4,472) |
| | | 4,369 | 303 | 4,066 | (8,191) | (608) | (7,583) |
| 於十二月三十一日 | As at 31 December | 35,395 | 3,872 | 31,523 | 35,160 | 3,410 | 31,750 |

(c) 負債充足測試

進行負債充足測試時，考慮全部合約現金流量及申索處理費用等相關現金流量的現時估計，測試顯示於二零一六年十二月三十一日及二零一五年十二月三十一日，本集團的保險負債充足。

(c) Liability adequacy test

The liability adequacy test considers current estimates of all contractual cash flows, and of related cash flows such as claims handling costs, the test shows that, as at 31 December 2016 and 31 December 2015, the Group's insurance liabilities are adequate.

27. 已發行債務證券

27. Debt securities issued

| | | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
|--------------------------------|---|-------------------------|-------------------------|
| 按攤銷成本列帳的債務證券 | Debt securities carried at amortised cost | | |
| 中期債券 | MTN | 9,097,985 | 5,681,736 |
| 按攤銷成本列帳的債務證券總額 | Total debt securities carried at amortised cost | 9,097,985 | 5,681,736 |
| 指定為對沖項目並以公平值對沖的 債務證券 | Debt securities designated as hedged items under fair value hedge | | |
| 債務工具發行計劃債券 | DIP notes | 3,868,312 | 4,925,563 |
| 中期債券 | MTN | 21,129,785 | 22,512,514 |
| 指定為對沖項目並以公平值對沖的 債務證券總額 | Total debt securities designated as hedged items under fair value hedge | 24,998,097 | 27,438,077 |
| 於初始確認時指定為以公平值變化 計入損益的債務證券 | Debt securities designated as at fair value through profit or loss upon initial recognition | | |
| 債務工具發行計劃債券 | DIP notes | 137,385 | 139,083 |
| 零售債券發行計劃及其他債券 | RBIP and other notes | – | 204,315 |
| 於初始確認時指定為以公平值變化 計入損益的債務證券總額 | Total debt securities designated as at fair value through profit or loss upon initial recognition | 137,385 | 343,398 |
| 已發行債務證券總額 | Total debt securities issued | 34,233,467 | 33,463,211 |

年內沒有發行(二零一五年：無)於初始確認時指定以公平值變化計入損益的債務證券。該等債務證券之公平值變動源於基準利率的改變。於初始確認時，指定為以公平值變化計入損益的金融負債帳面值，較本集團根據合約規定於到期時須向債券持有人支付的金額少46,615,000港元(二零一五年：45,802,000港元)。

During the year, no debt securities (2015: 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\$46,615,000 (2015: HK\$45,802,000) lower than the amount that the Group would be contractually required to pay at maturity to the note holders.

該等指定為以公平值列帳的金融負債沒有源自本公司之信貸風險變動引起任何重大盈虧。

There were no significant gains or losses attributable to changes in the credit risk of the Company for those financial liabilities designated as at fair value.

已發行債務證券的變動概述如下：

The movement in debt securities issued is summarised as follows:

| | | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
|----------|---------------------------------|-------------------------|-------------------------|
| 於一月一日 | As at 1 January | 34,937,768 | 34,414,640 |
| 發行 | Issuance | 24,531,120 | 23,046,815 |
| 減：贖回 | Less: Redemption | (23,686,351) | (22,526,495) |
| 外幣匯兌差額 | Exchange difference | 63 | 2,808 |
| 名義價值總額 | Total nominal value | 35,782,600 | 34,937,768 |
| 未攤銷折讓部分 | Unamortised portion of discount | (93,688) | (118,179) |
| 公平值調整 | Fair value adjustment | (1,455,445) | (1,356,378) |
| 於十二月三十一日 | As at 31 December | 34,233,467 | 33,463,211 |

本年度發行的債券：

Notes issued during the year comprise:

| | | 中期債券 MTN 千港元 HK\$'000 |
|---------|--------------------------------|--------------------------------|
| 已發行金額面值 | Amount issued at nominal value | 24,531,120 |
| 已收取款項 | Consideration received | 24,501,707 |

所有已發行的債務證券均屬本集團無抵押責任，而發行該等債務證券旨在提供一般營運資金及作再融資用途。

All the debt securities issued are unsecured obligations of the Group, and are issued for the purposes of providing general working capital and refinancing.

28. 股本

28. Share capital

| | | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
|---------|---------------------------|-------------------------|-------------------------|
| 已發行及繳足： | Issued and fully paid: | | |
| 20億股普通股 | 2 billion ordinary shares | 2,000,000 | 2,000,000 |

29. 與有關連人士訂立的重大交易

- (a) 本公司由財政司司長以外匯基金管理人身分所擁有。本公司與下列有關連人士訂立了多項交易。

與政府相關機構香港金融管理局(香港金管局)的交易包括下列各項：

- (i) 本公司使用由香港金管局所營運的債務工具中央結算系統服務所提供託管及結算代理服務，並繳付150萬港元(二零一五年：150萬港元)給香港金管局，作為本年度使用該服務的費用；
- (ii) 本公司於本年度產生1,590萬港元(二零一五年：1,280萬港元)借調費，作為從香港金管局借調員工的費用；
- (iii) 本公司於本年度繳付60萬港元(二零一五年：60萬港元)予香港金管局，作為後備場所的服務費；及
- (iv) 外匯基金透過香港金管局向本公司提供300億港元的循環信貸，於二零一六年十二月三十一日並無未償還餘額(二零一五年：無)。

與政府的交易包括下列各項：

- (i) 本公司於本年度向財政司司長法團購買1.7億港元(二零一五年：2.09億港元)按揭貸款；及
- (ii) 本公司就現有的中小企融資擔保計劃，提供以優惠的擔保費水平及由政府支付的總貸款保證承擔額為1,000億港元的八成擔保保障的貸款擔保產品，詳情載列於附註32。

29. Material related party transactions

- (a) The Company is owned by the Financial Secretary of Hong Kong as Controller of the Exchange Fund. The Company entered into various transactions with the following related parties.

Transactions with the Hong Kong Monetary Authority (HKMA), a Government-related entity, included the following:

- (i) the Company subscribed to the custodian and clearing agent services provided by the Central Moneymarkets Unit Service operated by the HKMA and paid HK\$1.5 million (2015: HK\$1.5 million) by way of fees to the HKMA for such services during the year;
- (ii) the Company incurred secondment fee of HK\$15.9 million (2015: HK\$12.8 million) for secondees from the HKMA during the year;
- (iii) the Company paid back-up site service fee of HK\$0.6 million (2015: HK\$0.6 million) to the HKMA during the year; and
- (iv) the Exchange Fund through the HKMA had provided the Company with a HK\$30 billion Revolving Credit Facility, and there was no outstanding balance as at 31 December 2016 (2015: nil).

Transactions with the Government included the following:

- (i) the Company purchased mortgage loans of HK\$170 million (2015: HK\$209 million) from The Financial Secretary Incorporated during the year; and
- (ii) the Company provided a loan guarantee product with 80% guarantee coverage under the existing SME Financing Guarantee Scheme (SFGS) at a concessionary guarantee fee rate and up to a total loan guarantee commitment of HK\$100 billion reimbursable by the Government with details set out in Note 32.

與全資附屬公司香港按揭管理有限公司的交易包括下列各項：

- (i) 本公司就附屬公司於正常營運時購買的按揭貸款提供按揭保險；及
- (ii) 作為小型貸款計劃的營運者，與香港按揭管理有限公司及作為貸款批授人的各參與計劃的銀行，簽訂小型貸款計劃參與貸款協議。按照計劃，香港按揭管理有限公司為本公司的融資工具，為計劃的貸款提供全部或部份的資金。

於十二月三十一日應付相關連人士的應付結餘如下：

Transactions with HKMC Mortgage Management Limited (**HMML**), a wholly-owned subsidiary of the Company, included the following:

- (i) the Company provided mortgage insurance cover for mortgage loans purchased by such subsidiary in the course of the Company's ordinary business; and
- (ii) the Company as scheme operator, the HMML and various participating banks as loan originators entered into loan participation agreements under the Microfinance Scheme pursuant to which the HMML would fund all or part of the microfinance loans as funding vehicle for the Company.

The balance of the amounts due to the relevant related parties as at 31 December are as follows:

| | | 政府 The Government | |
|------------|-----------------------------|-------------------------|-------------------------|
| | | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
| 其他負債(附註25) | Other liabilities (Note 25) | 5,089,076 | 4,717,601 |

(b) 主要管理層人員

主要管理層為直接或間接有權力及負責策劃、指揮及控制本集團業務的人士，包括董事及高級管理人員。

本年度主要管理層人員的薪酬包括：

(b) Key management personnel

Key management 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.

Key management personnel compensation for the year comprised:

| | | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
|-------------|---|-------------------------|-------------------------|
| 薪金及其他短期僱員福利 | Salaries and other short-term employee benefits | 20,547 | 18,859 |
| 離職後福利 | Post-employment benefits | 1,997 | 1,633 |
| | | 22,544 | 20,492 |

30. 承擔

(a) 資本

| | | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
|---------|-----------------------------------|-------------------------|-------------------------|
| 已批准及訂約 | Authorised and contracted for | 321 | — |
| 已批准但未訂約 | Authorised but not contracted for | 9,549 | 8,172 |
| | | 9,870 | 8,172 |

(b) 經營租約

於呈報期末，根據不可註銷的經營租約而須作出的未來最低租金付款總額分析如下：

| | | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
|--------------|---|-------------------------|-------------------------|
| 辦公室物業： | Office premises: | | |
| — 不多於一年 | — not later than one year | 29,753 | 32,458 |
| — 多於一年至不多於五年 | — later than one year and not later than five years | — | 29,753 |
| | | 29,753 | 62,211 |

30. Commitments

(a) Capital

(b) Operating lease

Total future minimum lease payments under non-cancellable operating lease at the end of the reporting period are analysed as follows:

31. 按揭保險業務

於二零一六年十二月三十一日，本集團的風險投保總額約為168億港元(二零一五年：134億港元)，其中27億港元(二零一五年：21億港元)已向核准再保險公司購買再保險，而本集團則自行承擔餘下141億港元(二零一五年：113億港元)的風險。

31. Mortgage insurance business

As at 31 December 2016, the total risk-in-force of the Group is approximately HK\$16.8 billion (2015: HK\$13.4 billion) of which HK\$2.7 billion (2015: HK\$2.1 billion) is ceded to the approved reinsurers and the balance of HK\$14.1 billion (2015: HK\$11.3 billion) is retained by the Group.

32. 中小企融資擔保計劃下的特別優惠措施

本公司就現有的中小企融資擔保計劃，提供以優惠的擔保費水平及由政府支付的總貸款保證承擔額為1,000億港元的八成擔保保障的貸款擔保產品。由此項特別信貸擔保產品所收取的擔保費，將首先全數用於支付相關的壞帳償付及相關開支，如有餘款則將撥歸予政府。如所收取的擔保費不足以應付相關款額及費用，政府將會承擔餘額。本公司負責此產品的營運並承擔日常營運開支。

有關這個特別的貸款擔保產品，對本集團的綜合收益表就有關擔保費用的收入、違約索償或其他直接相關開支並沒有影響。基於本公司只是代表政府營運該產品，本集團認為有關此產品的風險和利益均屬於政府。因此，該產品的風險承擔並沒有列於本集團的資產負債表外風險；根據財政司司長批准的資本充足率指引，亦無須任何資本要求。

32. Special concessionary measures under the SME Financing Guarantee Scheme

The Company provided a loan guarantee product with 80% guarantee coverage under the existing SFGS at a concessionary guarantee fee rate and up to a total loan guarantee commitment of HK\$100 billion reimbursable by the Government. All guarantee fees collected under this special loan guarantee product 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 Company is responsible for the operation of the product and the applicable day-to-day operating costs.

Regarding this special loan guarantee product, 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 Company operates only this product for the Government, the Group considers the risk and rewards associated with this product rest with the Government. Hence, the risk-in-force for this product has not been included as the Group's off-balance sheet exposures and no capital charge is required under the Guidelines on Capital Adequacy Ratio approved by the Financial Secretary.

33. 本公司的財務狀況表及儲備變動

33. Statement of financial position and reserve movement of the Company

33.1 本公司於二零一六年十二月三十一日的財務狀況表

33.1 Statement of financial position of the Company as at 31 December 2016

| | 附註 Note | 2016 千港元 HK\$'000 | 2015 千港元 HK\$'000 |
|----------------|--|-------------------------|-------------------------|
| 資產 | ASSETS | | |
| 現金及短期資金 | Cash and short-term funds | 23,809,977 | 20,998,850 |
| 應收利息及匯款 | Interest and remittance receivables | 352,559 | 319,481 |
| 衍生金融工具 | Derivative financial instruments | 245,097 | 473,403 |
| 貸款組合淨額 | Loan portfolio, net | 6,244,373 | 7,635,764 |
| 證券投資： | Investment securities: | | |
| — 可供出售 | — available-for-sale | 6,977,677 | 6,638,367 |
| — 持有至到期 | — held-to-maturity | 9,931,665 | 10,274,001 |
| 附屬公司投資 | Interests in subsidiaries | 3,103,552 | 3,690,964 |
| 預付款項、按金及其他資產 | Prepayments, deposits and other assets | 357,734 | 86,197 |
| 固定資產 | Fixed assets | 18,527 | 26,630 |
| 再保險資產 | Reinsurance assets | 146,072 | 128,740 |
| 資產總額 | Total assets | 51,187,233 | 50,272,397 |
| 負債 | LIABILITIES | | |
| 應付利息 | Interest payable | 218,153 | 170,853 |
| 應付帳項、應付開支及其他負債 | Accounts payable, accrued expenses and other liabilities | 5,228,098 | 4,795,133 |
| 衍生金融工具 | Derivative financial instruments | 1,702,859 | 1,821,927 |
| 當期稅項負債 | Current tax liabilities | 94,745 | 129,153 |
| 遞延稅項負債 | Deferred tax liabilities | 16,608 | 36,992 |
| 保險負債 | Insurance liabilities | 1,048,908 | 979,549 |
| 已發行債務證券 | Debt securities issued | 34,233,467 | 33,463,211 |
| 負債總額 | Total liabilities | 42,542,838 | 41,396,818 |
| 權益 | EQUITY | | |
| 權益持有人應佔股本及儲備： | Capital and reserves attributable to the equity holders: | | |
| 股本 | Share capital | 2,000,000 | 2,000,000 |
| 保留溢利 | Retained profits | 4,822,686 | 5,058,386 |
| 風險儲備 | Contingency reserve | 1,739,389 | 1,632,660 |
| 公平值儲備 | Fair value reserve | 82,320 | 184,533 |
| 權益總額 | Total equity | 8,644,395 | 8,875,579 |
| 負債及權益總額 | Total liabilities and equity | 51,187,233 | 50,272,397 |

董事局已於二零一七年四月十日批准及授權刊行。

Approved and authorised for issue by the Board of Directors on 10 April 2017.

陳德霖
副主席兼執行董事

Norman T. L. Chan
Deputy Chairman and Executive Director

李令翔
執行董事兼總裁

Raymond L. C. Li
Executive Director and Chief Executive Officer

33.2 本公司的儲備

33.2 Reserves of the Company

| | | 保留溢利 Retained profits 千港元 HK\$'000 | 風險儲備 Contingency reserve 千港元 HK\$'000 | 公平值儲備 Fair value reserve 千港元 HK\$'000 | 對沖儲備 Hedging reserve 千港元 HK\$'000 | 總額 Total 千港元 HK\$'000 |
|---------------------------------------|--|--|---|---|---|--------------------------------|
| 於二零一五年一月一日 | As at 1 January 2015 | 4,897,447 | 1,437,745 | 386,161 | (2,707) [#] | 6,718,646 |
| 本年度溢利 | Profit for the year | 705,854 | — | — | — | 705,854 |
| 其他全面收益： | Other comprehensive income: | | | | | |
| 可供出售證券的公平值變動 | Change in fair value of available-for-sale securities | | | | | |
| — 未變現虧損淨額 | — net unrealised losses | — | — | (111,566) | — | (111,566) |
| — 出售時變現 | — realisation on disposal | — | — | (129,989) | — | (129,989) |
| — 稅項 | — tax effect | — | — | 39,927 | — | 39,927 |
| 現金流對沖 | Cash flow hedges | | | | | |
| — 撥入收益表的公平值變動 | — fair value changes transferred to income statement | — | — | — | 3,242 | 3,242 |
| — 稅項 | — tax effect | — | — | — | (535) | (535) |
| 本年度全面收益總額 | Total comprehensive income for the year | 705,854 | — | (201,628) | 2,707 | 506,933 |
| 由保留溢利轉撥已滿期風險 保費淨額的50%或75%至 風險儲備 | Transfer of 50% or 75% of net risk premium earned from retained profits to contingency reserve | (221,244) | 221,244 | — | — | — |
| 由風險儲備撥回至保留溢利 | Release of contingency reserve to retained profits | 26,329 | (26,329) | — | — | — |
| 已付二零一四年股息 | Dividends paid related to 2014 | (350,000) | — | — | — | (350,000) |
| 於二零一五年十二月三十一日／ 二零一六年一月一日 | As at 31 December 2015/ 1 January 2016 | 5,058,386 | 1,632,660 | 184,533 | — | 6,875,579 |

| | | 保留溢利 Retained profits 千港元 HK\$'000 | 風險儲備 Contingency reserve 千港元 HK\$'000 | 公平值儲備 Fair value reserve 千港元 HK\$'000 | 對沖儲備 Hedging reserve 千港元 HK\$'000 | 總額 Total 千港元 HK\$'000 |
|---------------------------------------|--|--|---|---|---|--------------------------------|
| 本年度溢利 | Profit for the year | 596,029 | – | – | – | 596,029 |
| 其他全面收益： | Other comprehensive income: | | | | | |
| 可供出售證券的公平值變動 | Change in fair value of available-for-sale securities | | | | | |
| — 未變現收益淨額 | — net unrealised gains | – | – | 733 | – | 733 |
| — 出售時變現 | — realisation on disposal | – | – | (122,970) | – | (122,970) |
| — 稅項 | — tax effect | – | – | 20,024 | – | 20,024 |
| 本年度全面收益總額 | Total comprehensive income for the year | 596,029 | – | (102,213) | – | 493,816 |
| 由保留溢利轉撥已滿期風險 保費淨額的50%或75%至 風險儲備 | Transfer of 50% or 75% of net risk premium earned from retained profits to contingency reserve | (183,043) | 183,043 | – | – | – |
| 由風險儲備撥回至保留溢利 | Release of contingency reserve to retained profits | 76,314 | (76,314) | – | – | – |
| 已付二零一五年股息 | Dividends paid related to 2015 | (725,000) | – | – | – | (725,000) |
| 於二零一六年十二月三十一日 | As at 31 December 2016 | 4,822,686 | 1,739,389 | 82,320 | – | 6,644,395 |

為二零一零年及二零一一年時不再維持的現金流對沖時所帶來的累計虧損。自此之後，並沒有進行新的現金流對沖。

brought forward from cumulative loss then existing in hedging reserve when cash flow hedges were de-designated in 2010 and 2011. Since then, no new cash flow hedge has been conducted.

34. 董事於交易、安排和合約中的重大利害關係

截至二零一六年十二月三十一日止年度內，不存在亦不曾訂立本集團任何成員作為一方，對本公司業務屬重要的，且年內曾為本公司董事的人士或其有關連實體（根據《公司條例》定義）在當中有直接或間接重大利害關係的任何交易，安排和合約。

35. 通過財務報表

董事局於二零一七年四月十日通過本財務報表。

34. Directors' material interests in transactions, arrangements and contracts

At no time during the year ended 31 December 2016, 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 in 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 10 April 2017.