

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

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James H. Lau Jr. JP **劉怡翔**
Chief Executive Officer 總裁



21 June 2011

The Hon Chan Kam-lam, SBS, JP
Chairman, Panel on Financial Affairs
Legislative Council
8 Jackson Road
Hong Kong

Dear Chairman,

The Hong Kong Mortgage Corporation Limited
2010 Annual Report

It is my pleasure to present the 2010 Annual Report of The Hong Kong Mortgage Corporation Limited for the information of the Financial Affairs Panel and also other members of the Legislative Council.

The Annual Report sets out the major business developments and a review of the financial performance of the Corporation in 2010. The strong performance strengthens the Corporation's financial position and greatly enhances its ability to perform its strategic functions in pursuit of its policy objectives. The Corporation will continue to contribute to the development of Hong Kong's housing-finance system and to complement the Government's policies through product innovation, making mortgage financing more accessible to homebuyers.

Yours sincerely,



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



2010 Annual Report
年報



Core Missions

“ To **enhance the stability** of the banking sector through the offering of a reliable source of liquidity, thereby **reducing the concentration** and **liquidity risks** of mortgage lending of the banks;

To promote **wider home ownership** in Hong Kong; and

To facilitate the **growth** and **development** of the debt securities and mortgage-backed securities markets in Hong Kong. ”

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Financial Highlights

	2010 HK\$'000	2009 HK\$'000	2008 HK\$'000
FOR THE YEAR			
Net interest income	970,581	1,037,707	709,850
Profit attributable to shareholders	1,233,532	1,006,469	604,994
Loan purchases	4,748,181	8,768,789	26,037,165
Debt securities issued	8,279,703	22,688,680	24,405,704
Mortgage insurance – net premiums written	791,357	784,650	358,579
AT YEAR END			
Loan portfolio, net	35,258,937	43,788,716	50,760,112
Total assets	55,032,978	59,750,624	65,628,334
Debt securities issued	39,127,735	44,495,073	42,814,988
Mortgage-backed securities issued	1,529,749	2,020,394	3,225,624
Mortgage insurance – risk-in-force ¹	15,234,179	11,592,494	5,713,065
OTHER STATISTICS			
Net interest margin	1.8%	1.7%	1.3%
Capital-to-assets ratio	10.8%	9.5%	8.7%
Cost-to-income ratio	11.0%	12.4%	17.5%
Return on assets	2.2%	1.6%	1.1%
Return on shareholders' equity	17.5%	16.2%	10.5%

¹ The risk-in-force excludes exposure that has been covered by quota-share reinsurance arrangement.

Enhancing Banking Stability



Chairman's Statement

Despite the challenging economic environment, the Corporation has further expanded its business coverage to reinforce the delivery of its strategic policy role to:



- promote banking and financial stability;
- promote wider home ownership; and
- facilitate development of the local debt market.

The Corporation undertook to provide guarantee for SME loans extended by banks, thereby promoting banking stability by helping banks to manage their risk exposure. The HKMC also started preparation for the launch of reverse mortgages in Hong Kong, as part of its efforts to promote home ownership.

Promoting Banking and Financial Stability

With the historic low interest rate and abundant liquidity, banks generally had less need to offload their assets for liquidity purposes. Nevertheless, the HKMC purchased local assets totalling HK\$4.7 billion in 2010. The global regulatory

landscape of the financial industry has been changing fast in the wake of the global financial tsunami. Banking reform measures such as "Basel III" may well require banks to be more stringent in their capital and balance sheet management. Thus, the Corporation will continue to play a key role in helping banks to meet their needs for liquidity and prudent balance sheet management.

In addition, the Corporation launched the market-oriented SME Financing Guarantee Scheme on 1 January 2011 to provide a sustainable platform to help local small and medium-sized enterprises to obtain bank financing. Under the scheme, the Corporation provides guarantee coverage on part of the bank financing for eligible enterprises. The scheme helps banks to manage their lending risks more effectively and enhances the stability of the banking system.

Promoting Wider Home Ownership

The Corporation's Mortgage Insurance Programme ("MIP") continues to help foster wider home ownership in Hong Kong. Against the buoyant property market in 2010, the MIP loan drawdown reached a record high of HK\$41 billion and the usage rate (in terms of the amount of loans drawn down as a percentage of total drawdown in the mortgage market) was 13%. MIP also promotes liquidity in the secondary property market, with 96% of the MIP loans coming from secondary market transactions in 2010. Since 1999, the MIP has helped over 85,000 families to attain home ownership, with loan drawdown totalling over HK\$183 billion.

In November 2010, the Corporation introduced the Risk-based Scoring Model ("RBSM") as an enhancement to its MIP to replace earlier schemes introduced in 2006. It represents a more robust and refined approach to determine the level of mortgage insurance premium based on homebuyers' credit quality and repayment capability. More homebuyers are expected to be eligible for premium discounts.

In view of the overheated property market, the Corporation acted in concert with the Hong Kong Monetary Authority ("HKMA") to revise the MIP in August and November 2010 to tighten high loan-to-value ratio mortgage lending. This was done in order that homebuyers would not over-extend themselves when undertaking residential mortgage loans.

With the aging population and the favourable results from a territory-wide survey of the potential users, the Corporation

announced in December 2010 the plan to introduce a pilot scheme for reverse mortgages in mid-2011. The scheme will enable elderly people to use their self-occupied residential properties to apply for reverse mortgage loans in return for cash payment while staying in their principal residence. Reverse mortgage provides elderly people with an additional choice to obtain steady cash flows to improve their standard of living.

Facilitating Debt Market Development

In 2010, the credit ratings of the Corporation were upgraded to "AAA" by Standard & Poor's and "Aa1" by Moody's. The Corporation remains the most active corporate debt issuer in the Hong Kong dollar debt market since 2001. With its excellent credit standing, the Corporation is well positioned to promote the development of the local debt market while meeting the growing demand for high-grade long-term debt investment from insurance and pension funds in Hong Kong. When there are suitable opportunities, the Corporation will also look to issue Renminbi-denominated bonds in Hong Kong.

New Initiative

The Corporation is conducting a feasibility study on the demand for and operation of a sustainable microfinance scheme in Hong Kong. According to overseas experience, microfinance has proven to be effective in facilitating the start-up of micro businesses and improving employment opportunities. It is therefore worthy of further exploration in Hong Kong.

Performance in 2010

The Corporation has recorded favourable return in 2010. Profits after tax reached a record high of HK\$1,234 million, an increase of 23% over 2009. The return on shareholder's equity was 17.5%, and the capital-to-assets ratio rose from 9.5% in 2009 to 10.8%, well above the minimum of 5% required. The Corporation declared a final dividend of HK\$350 million.

The strong performance in 2010 was mainly attributable to the favourable interest-rate environment, prudent business development strategy, strong commitment to risk management along with excellent loan performances through prudent loan purchasing criteria and stringent mortgage insurance underwriting standards. The Corporation will continue to strengthen its financial position and enhance its ability to pursue the strategic objectives.

Outlook for 2011

2011 will be another challenging year. Quantitative easing by the United States has increased the risks of inflation and asset-price bubbles in Asia. Various economies have introduced tightening measures to counter such impact. Such developments reflect the significant imbalances in the global economy and financial system. The recent earthquake in Japan has added further complications to the pace of global economic recovery. Hence, the economic outlook for 2011 still remains uncertain and volatile.

The HKMC must therefore remain vigilant and continue to reinforce its business focus in Hong Kong to fulfil its principal objectives. The Corporation will continue to operate in a prudent commercial manner with emphasis on risk management and good corporate governance. This will ensure the Corporation to maintain its important role in providing liquidity to local banks, meeting the mortgage insurance needs of homeowners and promoting the development of the local debt market.

Finally, I acknowledge the dedication and hard work of my fellow Directors, Management and all staff of the Corporation. I look forward to another successful year for the Corporation in 2011.



John C Tsang

Chairman

Board of Directors



**The Honourable
John TSANG Chun-wah**, GBM, JP
Chairman
Financial Secretary



Mr. Norman T. L. CHAN, SBS, JP
Deputy Chairman
*Chief Executive
Hong Kong Monetary Authority*



**Professor the Honourable
K C CHAN**, SBS, JP
Director
*Secretary for Financial Services
and the Treasury*



**The Honourable
Ms. Eva CHENG**, JP
Director
*Secretary for Transport and
Housing*



Mr. Peter PANG Sing-tong, JP
Executive Director
*Deputy Chief Executive
Hong Kong Monetary Authority*



Mr. Eddie YUE Wai-man, JP
Executive Director
*Deputy Chief Executive
Hong Kong Monetary Authority*



**Professor the Honourable
Anthony CHEUNG Bing-leung**,
GBS, BBS, JP
Director
*Member of Executive Council
Chairman
Consumer Council*



**Dr. the Honourable
David LI Kwok-po**,
GBM, GBS, Hon. LLD (Cantab), JP
Director
*Legislative Councillor
Chairman and Chief Executive
The Bank of East Asia, Limited*



**The Honourable
Abraham SHEK Lai-him**,
SBS, JP
Director
Legislative Councillor



**The Honourable
Andrew LEUNG Kwan-yuen**,
GBS, SBS, JP
Director
*Legislative Councillor
Chairman, Sun Hing Knitting
Factory Limited*



**The Honourable
CHAN Kin-por, JP**
Director
*Legislative Councillor
Member of the China Advisory
Board
Munich Reinsurance Company
Hong Kong Branch*



**The Honourable
Ms. Starry LEE Wai-king, JP**
Director
Legislative Councillor



**The Honourable
Ms. Tanya CHAN**
Director
Legislative Councillor



Mr. Eddy FONG Ching, GBS, JP
Director
*Chairman
Securities and Futures
Commission*



Mr. Lester Garson HUANG, JP
Director
*Partner
P. C. Woo & Co.*



Mr. Jammy CHEN
Director
*(appointed on 20 April 2010)
Head, Secured Lending Products
North East Asia
Consumer Banking
Standard Chartered Bank
(Hong Kong) Limited*



Mr. Andrew FUNG Hau-chung
Director
*(appointed on 20 April 2010)
General Manager
Head of Treasury and
Investment
Hang Seng Bank Limited*



Mr. Ryan FUNG Yuk-lung
Director
*(appointed on 20 April 2010)
Chief Executive Officer
PrimeCredit Limited*



Mr. Geoffrey Jay MANSFIELD
Director
(retired on 20 April 2010)



Mr. Eddie TAN Cheng-soo
Director
*(retired on 20 April 2010)
Regional Treasurer
Asia Pacific
Citibank, N.A.*



Ms. Louisa CHEANG
Director
*(retired on 20 April 2010)
Group General Manager
Regional Director
Personal Financial Services
Asia-Pacific
The Hongkong and Shanghai
Banking Corporation Limited*

Management Team



◀ (from left to right)

Mr. Desmond Cheng
Mr. Stanley Chan
Mr. James H. Lau Jr., JP
Mr. Raymond Liu
Ms. Susie Cheung

▼ (from left to right)

Front Row

Ms. Josephine Chan
Mr. Godfrey Wong
Ms. Kathleen Yeung
Ms. Irene Mok
Mr. Mickey Chan

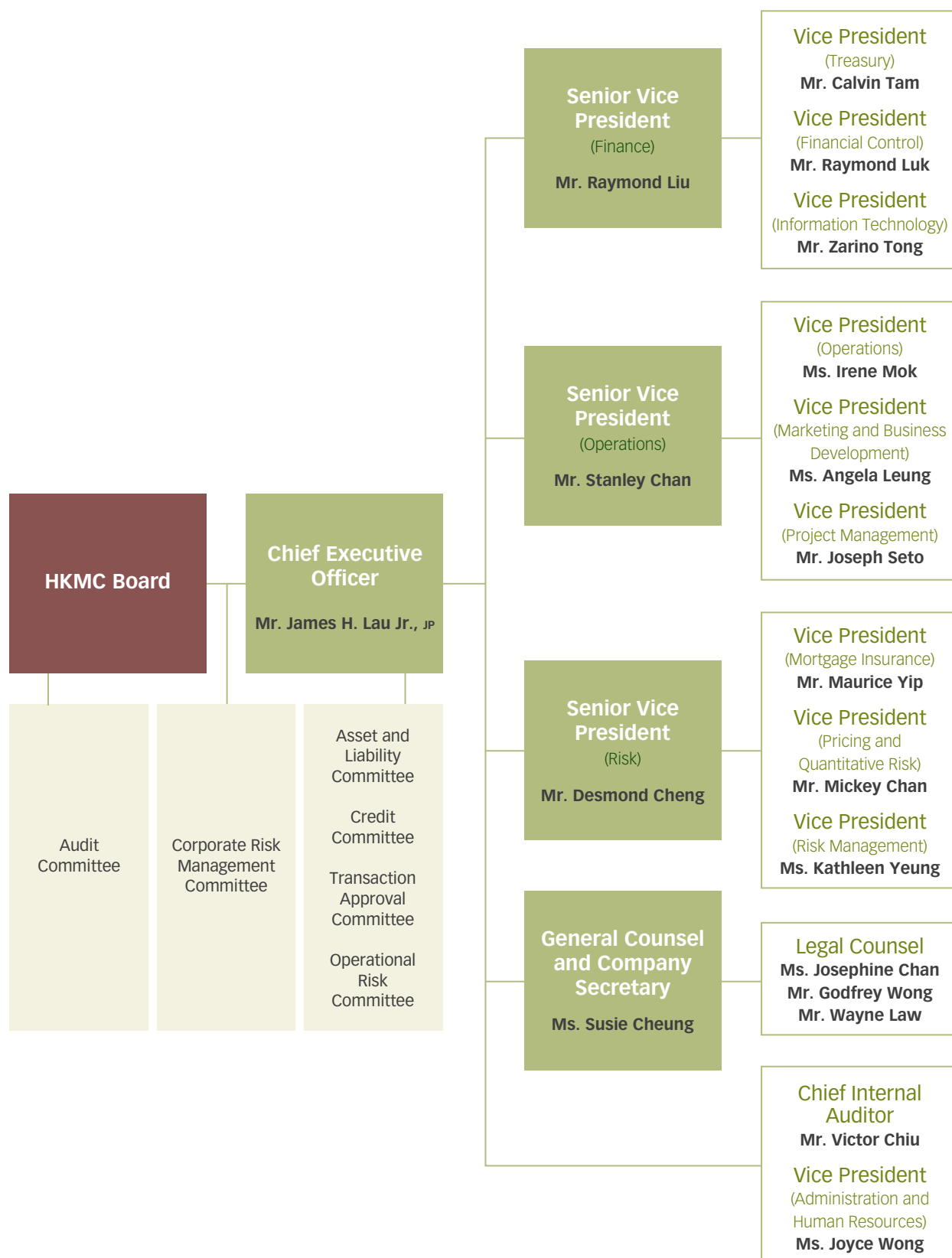
Second Row

Mr. Zarino Tong
Mr. Raymond Luk
Ms. Angela Leung
Mr. Maurice Yip
Mr. Wayne Law
Ms. Joyce Wong
Mr. Calvin Tam
Mr. Joseph Seto



Organisation Structure

As at 1 April 2011



Enhancing
Transparency



Corporate Governance Report

Corporate Governance Practices

The Corporation is committed to ensuring a high standard of corporate governance to improve the overall accountability, transparency and long-term sustainability of its operations to meet its three key objectives. The Corporation's corporate governance practices are set out in the "Corporate Governance Code" (the "Code") approved by the Board. The Code is premised on the principles of fairness, transparency, accountability and responsibility to all stakeholders and has been issued to the shareholders and the Directors. The Code is also available on our website and is accessible by the public.

Throughout 2010, the Corporation has complied with the provisions of the Code. Maintaining a robust and sensible framework of corporate governance for the effective and prudent management of the Corporation has always been a top corporate priority.

Enhanced Corporate Governance Measures Adopted by the Corporation in 2010

In September 2010, the Corporation performed a review on the Code provisions and included new Code provisions to improve transparency and other modifications to reflect the existing prudent practices and high standards of corporate governance practices of the Corporation. In particular, major amendments include: setting out clearly the responsibility of the Chairman of the Board and the Chief Executive Officer and the various means which the external auditor could adopt to ensure its independence in relation to the Corporation's business. The robustness of the internal

control is further enhanced by segregating the major duties and functions within the Corporation which are susceptible to abuse or corruption.

Shareholders

All the shares of the Corporation are beneficially owned by the Financial Secretary of Hong Kong as Controller of the Exchange Fund. Therefore, whilst the Corporation operates under prudent commercial principles, the Board endeavours to ensure that the Corporation delivers its performance based on good corporate governance practices which are commensurate with the best international standards.

The Board

The Board is responsible for leading the Corporation and promoting its success in a responsible and effective manner. In fulfilling its responsibility in terms of providing strategic leadership and effective control of the Corporation, the Board meets in person at least once every three months to oversee the Corporation's business strategy and policies, budgeting and planning, organisational and financial performance, risk management, human resources as well as community relations, and on other occasions whenever a Board decision is required on major issues. In order to ensure that well-balanced decisions are made by the Board, the Directors of the Corporation include officials from the government and regulators, representatives from the political parties, banking sector, insurance sector, industry associations, the accounting and legal professions, and also the Consumer Council. During 2010, the Board held five meetings.

Directors are requested to declare their direct or indirect interests, if any, in any transactions to be considered by the Board at Board meetings and withdraw from the meetings as appropriate. In respect of each financial reporting period, the Corporation will seek confirmation from the Directors in respect of their material interests in transactions involving the Corporation or its subsidiaries. There was no contract of significance in relation to the Corporation's business, to which the Corporation or any of its subsidiaries was a party and in which a Director has a material interest, either directly or indirectly, which subsisted at the end of the year or at any time during the year. Material related party transactions are disclosed in Note 32 to the financial statements for the year ended 31 December 2010.

As at 31 December 2010, there were 18 Directors, all of whom were duly appointed by the Financial Secretary in his capacity as shareholder of the Corporation. Information about the Directors is set out in the Report of the Directors published in the Annual Report. All Directors (with the exception of the four Executive Directors) are non-executive and independent of the Corporation's Management. An updated list of the Directors is published on the Corporation's website (www.hkmc.com.hk). Whilst not actively involved in the day-to-day management of the Corporation, Non-Executive Directors do play an important role in bringing their independent judgment and considerable knowledge and diverse expertise to the Board's deliberations, which in turn provide effective steer to Management in pursuit of the Corporation's policies. The Corporation does not remunerate its Directors.

Whenever a Director is newly appointed, the Corporation will provide a briefing and an induction package to the Director on the business activities, strategies and objectives of the Corporation to ensure that he or she is informed of the affairs of the Corporation.

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

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

Chairman and Chief Executive Officer

In 2010, the post of Chairman was held by Mr. John C. Tsang. The post of Chief Executive Officer was held by Mr. James H. Lau Jr. The segregation of the posts of Chairman and Chief Executive Officer ensures a clear division of responsibilities between the Board and the executive functions of the Corporation's Management. The Board is responsible for laying down strategic direction and business guidelines, approving financial objectives and closely monitoring the Corporation's performance on an on-going basis. The Chief Executive Officer, who is accountable to the Board, is responsible for leading Management in implementing the Board's decisions in a proper and efficient manner. The Chief Executive Officer ensures that adequate information relating to the Corporation's business will be reported to the Board on a regular basis.

Company Secretary

The Company Secretary is directly accountable to the Board and her main duty is to ensure that all company secretarial procedures are followed by the Corporation and the Board. In addition, the Company Secretary also ensures that Board papers are provided to Directors in a timely and comprehensive manner prior to each Board meeting and the Annual General Meeting of the Corporation. Directors



Audit Committee Meeting

have free access to the advice and services of the Company Secretary concerning corporate governance matters, and she provides guidance to Directors to make appropriate declarations to avoid conflicts of interest.

The Board meeting schedule for 2010 was provided to Directors in advance to facilitate Directors' attendance at Board meetings. Board papers are generally sent to Directors at least seven days before the relevant Board meeting so that Directors could be properly briefed before the Board meeting. The Board papers typically contained comprehensive background and/or explanatory information about the subject matters and included supporting documents, analyses, research findings, projections, budgets and forecasts, where appropriate. However, any Director adjudged to have a conflict of interest in the subject matter under discussion in a Board paper would not be provided with the relevant Board paper.

All the minutes of Board meetings are generally taken in sufficient detail, including the matters considered, decisions reached, concerns raised by Directors and dissenting views expressed at the meetings. All minutes of Board meetings and Audit Committee meetings are kept by the Company Secretary and made available for inspection by any Director, except as regards any materials with respect to an agenda item in which that Director is perceived to have a conflict of interest, in such case, the relevant Board papers and Board minutes would be withheld from such Director.

Audit Committee

The Audit Committee members during the year were:

- Dr. David Li, Chairman, Non-Executive Director
- Mr. Peter Pang, Executive Director
- Mr. Eddie Yue, Executive Director
- Mr. Eddy Fong, Non-Executive Director
- Mr. Andrew Leung, Non-Executive Director
- Mr. Abraham Shek, Non-Executive Director

The Audit Committee is responsible for reviewing the Corporation's financial statements, the composition and accounting principles adopted in such statements, the results of the financial audits and the Corporation's management procedures to ensure the adequacy and effectiveness of internal control systems. The Terms of Reference of the Audit Committee are published on the Corporation's website.

The Audit Committee holds regular meetings with Management, Chief Internal Auditor and external auditor, and special meetings may be called to review significant control or financial issues. The Audit Committee also meets on an ad hoc basis to consider special issues requiring its attention. The Chairman of the Audit Committee summarises the reviews conducted by the Audit Committee and highlights the major issues in a report for submission to the Board for consideration by Directors. During 2010, the Committee met on two occasions.

Internal Auditor

The Corporation has an Internal Audit Department which operates independently of Management and plays a major role in monitoring the internal control systems of the Corporation. The Internal Audit Department is led by the Chief Internal Auditor who reports directly to the Chairman of the Audit Committee on all matters relating to the internal control systems. The Chief Internal Auditor also reports to the Chief Executive Officer on the day-to-day administrative functions of the Internal Audit Department, and is entitled to communicate freely with the Chairman of the Audit Committee without reference to Management.

Each year, the Audit Committee formally approves the annual Internal Audit Plan drawn up by the Chief Internal Auditor based on his independent risk assessment and other risk management issues observed by him at the regular Operational Risk Committee meetings. In accordance with the annual Internal Audit Plan, the Internal Audit Department adopts a risk-based audit approach in conducting its periodic independent reviews of the Corporation's internal control systems. After each review, the Internal Audit Department discusses the audit findings and recommendations with the relevant department heads and Senior Management. Regular internal audit reports are first submitted to the Internal Audit Committee which is chaired by an Executive Director. The membership composition of the Internal Audit Committee comprises two Executive Directors, the Chief Executive Officer, the Senior Vice Presidents, General Counsel and the Chief Internal Auditor. The internal audit reports and meeting minutes prepared for the Internal Audit Committee are then submitted to the Audit Committee for further review and, thereafter, to the Board of Directors for information.

Over the years, Management has taken an active approach in considering the audit findings and recommendations

made by the Chief Internal Auditor and monitors closely their implementation. In 2010, the Internal Audit Department conducted 16 reviews and one consultancy project.

External Auditor

The Corporation's external auditor is PricewaterhouseCoopers. Detailed information in respect of the auditor's remuneration is disclosed in the Corporation's financial statements. The auditor is allowed to communicate freely with the Chief Internal Auditor and the Audit Committee. To ensure its independence with respect to the Corporation, the auditor would issue a confirmation letter of its independence, on an annual basis, to the Audit Committee to confirm its independence based on the requirements set out in Section 290 of the Code of Ethics for Professional Accountants of the Hong Kong Institute of Certified Public Accountants. For the purpose of the audit of the Corporation's financial statements for the year ended 31 December 2010, PricewaterhouseCoopers has confirmed its independence to the Audit Committee.

Financial Reporting

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

Internal Control

The Board has the overall responsibility for the Corporation's internal control systems and, through the Audit Committee,

conducts periodic review on the effectiveness and efficiency of the systems.

There are various committees set up by the Board to ensure the efficient operation and prudent risk management of the Corporation. Those committees include the Corporate Risk Management Committee which is chaired by an Executive Director to oversee the financial and non-financial risks of the Corporation from an enterprise-wide perspective; whilst the Operational Risk Committee, the Credit Committee, the Transaction Approval Committee and the Asset and Liability Committee are executive committees chaired by the Chief Executive Officer. Detailed description of these four executive committees and the risk management framework of the Corporation are set out in the section on Business Overview. The internal control systems are designed to provide reasonable assurance against material misstatement or loss, manage risks of failure in the operational systems and the achievement of business objectives, safeguard assets against unauthorised use, ensure the maintenance of proper accounting records for internal use and publication and assure compliance with applicable legislation and regulations.

In February 2011, the Chief Internal Auditor duly conducted an independent review of the Self-assessment Forms provided by each Department in relation to compliance with the Code for 2010. Based on the audit findings on the Corporation's internal control systems and the Self-assessment Forms for the year, the Chief Internal Auditor was of the opinion that there was no material breach of the Code in 2010.

Code of Conduct

The Corporation requires the highest standards of integrity and conduct from its staff members. The requirements and the relevant legal obligations are clearly set out in a code

of conduct ("Code of Conduct") incorporated into the Staff Handbook. The Code of Conduct also sets out, in particular, provisions as regards potential conflicts of interest situations which may arise between the staff members and the Corporation in respect of which the staff members should be aware, and other provisions designed to ensure that they carry out their work properly, ethically, impartially and free from any suggestion of improper influence.

A copy of the Code of Conduct is posted on the Corporation's intranet to make it readily accessible by all staff members.

Staff members are required to give written confirmation of their compliance with the Code of Conduct on an annual basis. Based on the confirmation received from the staff members, Management was satisfied that staff members have complied with the Code of Conduct during 2010.

Communication

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

Conclusion

The Board was satisfied with the corporate governance practices of the Corporation during 2010. In 2011, the Corporation will continue to review its corporate governance framework and improve those practices in light of ongoing experience, regulatory changes, international trends and developments in order to enhance the Corporation's efficiency and effective management in pursuit of its business objectives.

Calendar of Events

APR

20

Financial Results for 2009
and Business Performance



SEP

16

Half-Year Financial Results
for 2010



MAY

28

Publication of the Annual
Report 2009



NOV

09

Introduction of the Risk-
based Scoring Model under
the Mortgage Insurance
Programme

NOV

11

Moody's raised the
long-term local and foreign
currency ratings of the
HKMC to "Aa1" from "Aa2"

Aa1

SEP

13

Launch of Premium Loan
Guarantee Scheme

NOV

15

Announcement of the
launch of SME Financing
Guarantee Scheme on
1 January 2011

DEC

13

- Signing Ceremony for the SME Financing Guarantee Scheme



- Presentation of awards to winners of the MIP Quiz Game



DEC

16

- Announcement of the launch of Reverse Mortgage Pilot Scheme in 2011
- Standard & Poor's upgraded the long-term local and foreign currency ratings of the HKMC to "AAA" from "AA+"

AAA

Diversification

in Business



Business Overview

Performance Highlights

The major achievements of the Corporation for the year include:

- Purchase of a total of HK\$4.7 billion loan assets, which were all residential mortgage loans in Hong Kong.
- Drawdown of mortgage insurance coverage for newly originated mortgage loans reaching a record of HK\$41 billion in total, achieving a usage rate (in terms of drawdown loan amount against total market mortgage drawdown) of 13%.
- Completion of the feasibility study, stakeholder consultation and preparatory work for the launch of the SME Financing Guarantee Scheme on 1 January 2011.
- Issuance of HK\$8.3 billion of debt securities in a cost-effective manner, maintaining the Corporation's position as the most active corporate issuer in the Hong Kong dollar debt market for ten consecutive years.
- Safeguarding excellent asset quality, with delinquency ratios (above 90-day ratios) of 0.003% for the mortgage insurance portfolio, 0.05% for the Hong Kong residential mortgage portfolio (the industry average of 0.01%) and 0.03% across all asset classes as at 31 December 2010.
- Upgrade of the HKMC's long-term foreign and local currency ratings to AAA and Aa1 by Standard & Poor's ("S&P") and Moody's Investors Service, Inc. ("Moody's") respectively.

The Corporation registered solid financial results for 2010:

- Profit after tax of HK\$1,234 million, which was HK\$228 million, or 22.7%, up from 2009.
- Net interest spread improved to 1.8% amid favourable interest rate environment, compared to 1.7% in 2009.
- Return on assets of 2.2%, an increase of 0.6 percentage point over that of 2009.
- Return on shareholder's equity of 17.5%, an increase of 1.3 percentage point over that of 2009.

- Capital-to-assets ratio remained strong at 10.8%, well above the minimum requirement of 5%.
- Cost-to-income ratio of 11.0%, significantly lower than the banking industry average of 49.8%.

Operational Highlights

Overall Business Strategy

The Corporation is fully committed to its three core missions: maintaining banking stability, promoting home ownership and developing the Hong Kong's debt market. In 2010, the Corporation further boosted its strategic roles and pursued its business diversification strategy through the launch of the Premium Loan Guarantee Scheme, the SME Financing Guarantee Scheme, and the proposed Reverse Mortgage Pilot Scheme.

Mortgage Insurance

In light of the overheated property market climate, the Corporation took steps in August and November 2010 to tighten certain eligibility criteria for the Mortgage Insurance Programme ("MIP") to lower the risk of borrower over-extending themselves.

The Corporation introduced the Risk-based Scoring Model ("RBSM") in November 2010 as an enhancement to the MIP so that a greater number of homebuyers can be made eligible for premium discounts

The MIP loan drawdown reached a record high of HK\$41 billion in 2010. This reflected an increasing demand for the MIP in attaining home ownership.

The Corporation launched a series of promotional activities on the MIP in order to raise public awareness of the programme and the products. Meanwhile, the Corporation continued to provide training seminars for the frontline staff of the MIP participating banks and estate agents. This was an integral part of the strong partnership between the Corporation, banks and intermediaries in promoting mortgage insurance to the public.

The Corporation maintained a high degree of processing efficiency for MIP applications through automation and the use of internet platforms.

SME Financing Guarantee Scheme

Upon the phasing out of the Special Loan Guarantee Scheme offered by the Government of the Hong Kong Special Administrative Region ("HKSAR") through the Trade and Industry Department for small- and medium-sized enterprises ("SMEs") as of 1 January 2011, there was extensive support from the general public and stakeholders to develop a sustainable market-oriented platform that provided financing guarantee for SME loans. The SMEs and banks believed that the HKMC's financial strength and track record in operating financing guarantee and insurance businesses would make the HKMC a good candidate to offer a sustainable, market-based SME financing guarantee scheme. This would help banks manage their lending risks more effectively and in turn provide SMEs with more stable financing.

The Corporation then carried out an in-depth study and extensive consultation in the market to explore the feasibility of providing a sustainable market-oriented financing guarantee scheme for SMEs.

With the approval obtained from the Board of Directors in November 2010, the Corporation was authorised to launch and operate the SME Financing Guarantee Scheme ("SFGS") based on prudent commercial principles from 1 January 2011.

Fund-raising

- Issuance of a total of HK\$8.3 billion of corporate debts with tenor up to 15 years in a prudent and cost-effective manner to support asset purchase activities and redemption of maturing debts.
- For the tenth year in a row, the Corporation was the most active corporate issuer in the Hong Kong dollar debt market, with issuance of HK\$7.8 billion of debt securities in the local institutional market.

Market Overview

General Economic Conditions

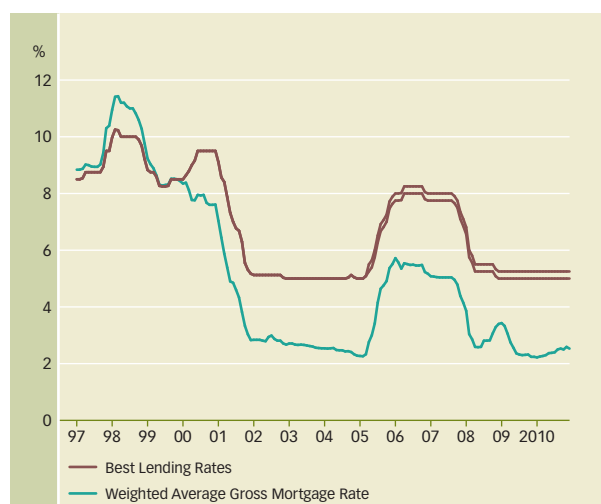
The Hong Kong economy continued to rebound strongly during 2010, driven by robust domestic consumption and sustained growth in exports. The United States' new round of quantitative easing measures prolonged the low interest rate environment and boosted consumer spending, which was further underpinned by the wealth effect of surging local property and stock markets. Favourable Central Government policies related to Hong Kong, such as the development of Hong Kong as an offshore Renminbi

Centre and the expanded Individual Visit Scheme allowing non-Shenzhen residents to visit Hong Kong, lent additional support to the overall economic performance of Hong Kong. Further resurgence in the economies of the United States and Europe provided added impetus to the vibrant pace of economic growth. As a result, Hong Kong's Gross Domestic Product ("GDP") expanded by 6.8% in real terms in 2010, in stark contrast to the 2.7% contraction in 2009. In tandem with the upbeat global business sentiment, the local labour market also improved on a broad front. The unemployment rate fell to a nearly two-year low of 4% in December from 4.9% in January, as the economy recovered robustly over the course of 2010.

Interest-Rate Environment

In addition to the quantitative easing measures in the United States, there was a remarkable inflow of funds to emerging markets in 2010. This led to excessive liquidity in the Hong Kong banking sector and drove down interest rates to very low levels. The one-month Hong Kong Interbank Offered Rate ("HIBOR") stayed below 0.2% throughout most of the year. Nonetheless, the Best Lending Rates ("BLRs") in the market remained stable in the range of 5% to 5.25% throughout the year. With the strong rebound of the economy and intensified competition in the mortgage market, banks offered increasingly favourable terms for mortgage loans to gain market share. HIBOR-based mortgage rates were as low as HIBOR + 0.7% by year-end, while the BLR-based mortgage rates for new mortgage loans stayed at BLR – 3% (**FIGURE 1**).

FIGURE 1
Best Lending Rates and Mortgage Rates

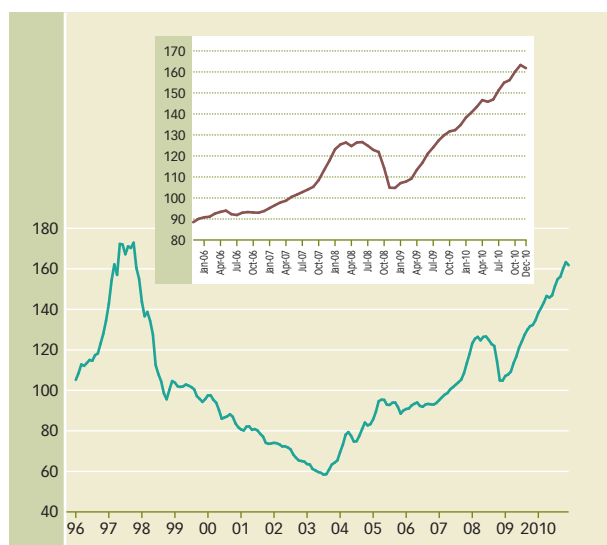


Source: HKMA

Property Market

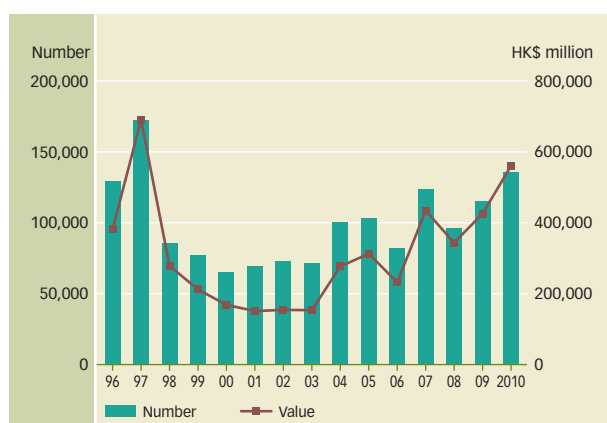
Fuelled by ample global liquidity and a prolonged low-interest-rate environment, Hong Kong's property market

FIGURE 2
Private Domestic Price Index (1999=100)



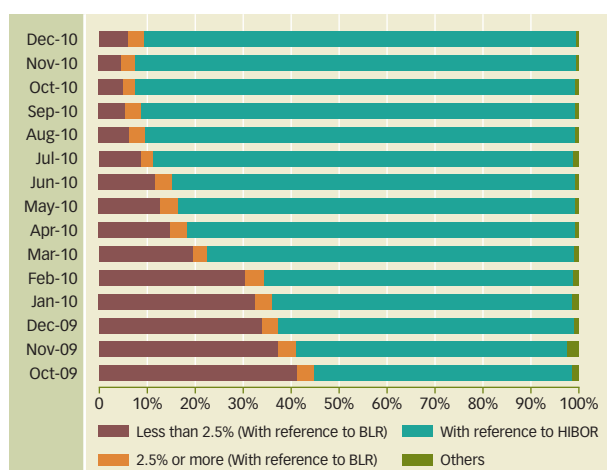
Source: Rating and Valuation Department

FIGURE 3
Agreements of Sale and Purchase of Residential Building Units



Source: Land Registry

FIGURE 4
Pricing of New Residential Mortgage Loans Approved



Source: HKMA

stayed buoyant throughout the year of 2010. Both property prices and the volume of transactions in the residential market rose significantly. To ensure healthy and stable development of the property market, Government launched a series of anti-speculation measures to forestall the risk of a property bubble. Property prices¹ in the residential market as a whole as of December 2010 surged 21% over those of the previous year (**FIGURE 2**). The prices of small flats with a saleable area less than 40 square meters showed the largest appreciation in the residential market, gaining 24% year-on-year in December 2010, while those of large flats with a saleable area of 160 square meters or above rose 16% over the same period. Amid the bullish sentiment, the volume of residential property transactions advanced in tandem with property prices from the first quarter of 2010. The total volume and value of residential property transactions² surged by 18% and 32% respectively year-on-year to about 136,000 cases and HK\$561 billion in 2010 (**FIGURE 3**). Notably, private residential flat completions surged 87% to 13,410 units in 2010, while take-up declined 28% to 8,030 units over the period. As a result, the vacancy rate rose slightly to 4.7% at end-2010 from 4.3% at end 2009.

Mortgage Market

With abundant liquidity being parked in Hong Kong, banks were aggressive in lowering mortgage rates to scramble for higher business volume, as the property market experienced strong uptake in both transaction value and volume. Since the absolute interest rate of HIBOR-based mortgage loans remained much lower than that of BLR-based mortgage loans, HIBOR-based mortgage loans became more popular among property buyers. The proportion of newly approved HIBOR-based mortgage loans³ was around 63% in early 2010, but rose appreciably to a record high of 90% by year-end (**FIGURE 4**).

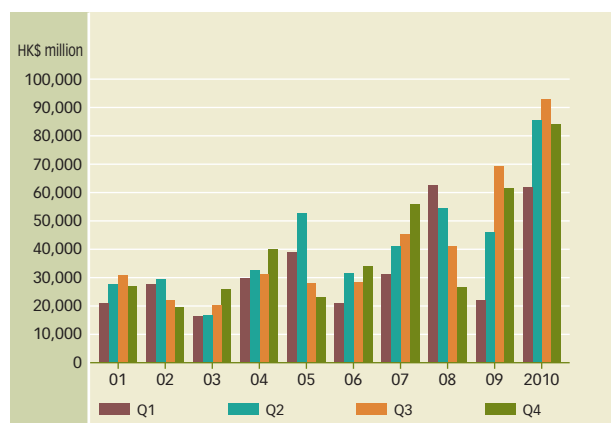
As risks in the residential mortgage market were increasing as a result of rising property prices, the HKMA issued a set of prudential measures for residential mortgage loans in August and November 2010. To ensure banks in Hong Kong adopted the necessary risk management standards and practices, the measures comprised more stringent debt-servicing ratios for mortgage applicants and the stress-testing of borrowers' repayment ability, together with stricter Loan-to-value ("LTV") ratios, with the lowest 50% LTV applying to both residential properties valued at HK\$12 million or above and all non-owner-occupied residential properties.

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

² Source: The Land Registry

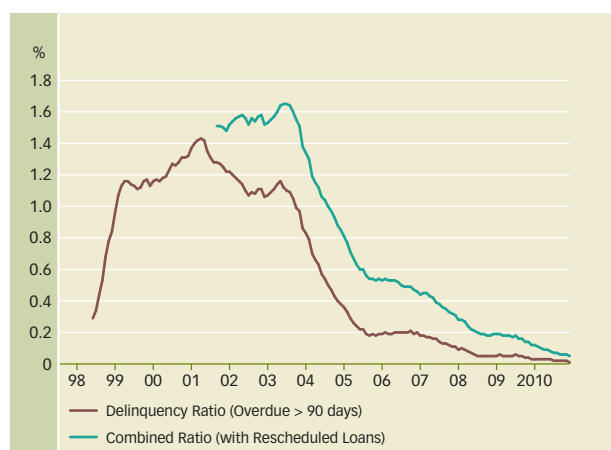
³ Source: The HKMA's Monthly Residential Mortgage Survey ("The HKMA Survey")

FIGURE 5
New Residential Mortgage Loans Made



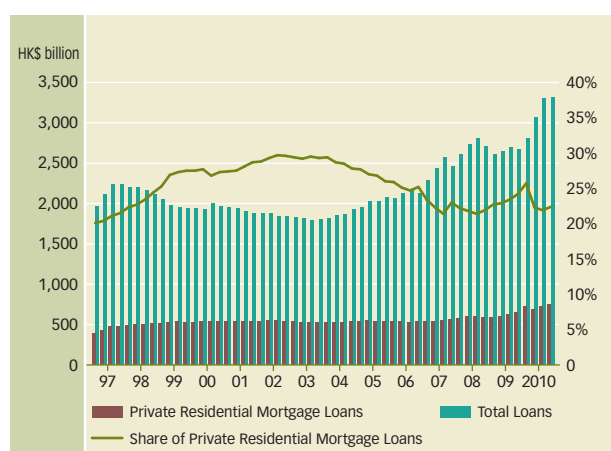
Source: HKMA

FIGURE 6
Delinquency Ratio of Residential Mortgage Loans



Source: HKMA

FIGURE 7
Total Loans and Private Residential Mortgage Loans of All Authorized Institutions



Source: HKMA

In line with the vibrant property market, the mortgage loan origination volume also picked up visibly in 2010. The value of mortgage loan origination⁴ surged remarkably by 63% year-on-year (**FIGURE 5**). The total outstanding value of all

residential mortgage loans also registered an increase of 14% to HK\$796 billion at the end of 2010, largely due to the sustained momentum of the buoyant property market.

Given the booming property market, the improved labour market and the HKMA's prudent oversight over the banking system, the asset quality of residential mortgage loans remained excellent in 2010, owing to the prudent underwriting standards widely adopted by the market players. The delinquency ratio of mortgage loans⁵ more than 90 days overdue dropped to a record low level of 0.01% by the end of the year, from 0.03% in early 2010. The combined ratio, which takes into account both delinquent and rescheduled loans, declined from 0.12% to 0.05% over the same period (**FIGURE 6**).

Banking-Sector Exposure

With the rebound in the property market, the total outstanding value of mortgage loans for private residential properties surged to HK\$745 billion at the end of 2010 (end-2009: HK\$647 billion), accounting for about one-fourth of total loans in Hong Kong (**FIGURE 7**). Adding the loans for building and construction, as well as property development and investment, the amount of property-related loans totalled HK\$1,589 billion, representing about half of the total loan book of banks. Such a high exposure to property-related lending indicates that a sharp downturn in the property market could have an adverse impact on the overall stability of the banking system, although banks in Hong Kong in general have an adequate capital base. The proportion of property-related loans has remained steady since 1999.

Asset Acquisition

Throughout the year of 2010, the Corporation acquired a total of HK\$4.7 billion of local mortgage assets. In spite of ample liquidity in the banking sector, some banks were interested in offloading assets for better risk and capital management or for reinforcement of their business strategies. The Corporation will continue to strengthen its role of maintaining banking and financial stability in Hong Kong by acting as a liquidity provider, particularly during times of crisis.

Mortgage Insurance

Over the years, the MIP has repeatedly demonstrated its effectiveness in assisting potential homebuyers in overcoming the hurdle of a substantial down payment requirement for the purchase of a property. From the

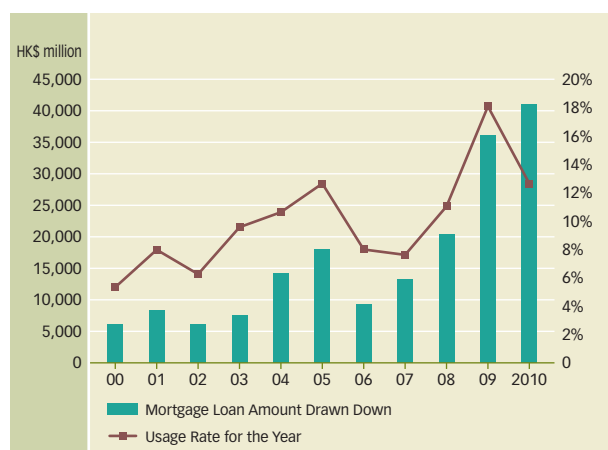
⁴ Source: The HKMA Survey

⁵ Source: The HKMA Survey

perspective of the banking industry as a whole, the MIP allows banks to engage in higher LTV lending without incurring additional credit risk and affecting the overall stability of the entire banking system. All in all, the programme creates a win-win situation for both the homebuyers and the banks.

Since its inception in March 1999, the MIP has gained increasing public acceptance and has played a significant role in promoting home ownership in Hong Kong. For 2010 as a whole, the volume of loans drawn down amounted to a record high of HK\$41 billion and the usage rate (in terms of drawdown loan amount against total market mortgage drawdown) stood at 13% (**FIGURE 8**). It is notable that 96% of MIP applications received were for secondary market properties, demonstrating that mortgage insurance has been crucial in assisting homebuyers in the secondary market.

FIGURE 8
Mortgage Loan Amount Drawn Down and Usage Rate* of MIP



Source: HKMA and HKMC

Usage Rate = $\frac{\text{Mortgage Loan Amount drawn down under MIP}}{\text{Total Mortgage Loan Amount drawn down in the market based on HKMA's Monthly Residential Mortgage Survey.}}$

Since 1999, the MIP has helped over 85,000 families establish home ownership, with loan drawdown totalling over HK\$183 billion.

Refinements of MIP

In light of the then overheated property market climate, the Corporation took steps in August and November 2010 to tighten certain eligibility criteria for the MIP to lower the risk of borrower over-extending themselves. The Corporation suspended the MIP coverage of 95% LTV mortgages and reduced the maximum loan amounts of 90% of the LTV mortgages from HK\$12 million to HK\$6.12 million (Note: The property value was capped at HK\$6.8 million).

The Corporation introduced the Risk-based Scoring Model ("RBSM") in November 2010 as an enhancement to its MIP. The RBSM replaced the Risk-based Pricing Scheme ("RBPS") and Loyalty Discount Scheme ("LDS"), which were both launched in 2006. The RBSM is a more robust and refined approach to implement risk-based pricing, which determines the applicable premium levels for MIP applications on the basis of homebuyers' credit quality and repayment capability. It is expected that more homebuyers will be eligible for MIP premium discounts, despite that the maximum discount rate under RBSM is 50%, which is same as the maximum aggregate discount rate available under the RBPS and LDS.

Training and Marketing

In order to raise public awareness of the MIP and its products, the Corporation launched a series of promotional activities on the MIP including advertising campaign, quiz game and publication of information leaflet, etc. Through these initiatives, members of the public were able to gain a better understanding of how the MIP could help people achieve home ownership.

Furthermore, the Corporation has always kept MIP participating banks well informed of any new developments, and consulted them for any new initiatives. It regularly organises MIP training seminars for banks and other market players such as estate agents and referral companies, so that their frontline staff can gain better understanding of the MIP and explain details of the programme to their customers when needed. A total of 12 training seminars were held in the year 2010.

Successful Launch of SME Financing Guarantee Scheme

SMEs are an important pillar of the economy and employment market in Hong Kong. About half of the total workforce in Hong Kong is employed by SMEs. To mitigate the impact of the 2008 global financial crisis, the Government swiftly rolled out the HK\$100 billion Special Loan Guarantee Scheme in December 2008 to help SMEs resolve difficulties in obtaining bank financing and potential surge in unemployment problems that would arise from SMEs closing down. With the recovery of the local economy as well as the improved financing and cash flow for SMEs, the Special Loan Guarantee Scheme ceased to receive new applications from 1 January 2011.

Back in May 2010, many SMEs and think tanks proposed for a sustainable, market-oriented platform to be developed in

Hong Kong so that SME loans would be guaranteed upon the phasing out of the Special Loan Guarantee Scheme. This proposal gained extensive support from society. The SMEs and banks believed that the HKMC's financial strength and track record in operating financing guarantees and insurance businesses would make the HKMC a prime candidate for operating this sustainable, market-based SME financing guarantee scheme.

The HKMC therefore carried out an in-depth study and extensive consultations with stakeholders (including SME associations, banks and etc.) on the proposition. Eventually the Board of Directors gave approval on 15 November 2010 to launch the SME Financing Guarantee Scheme ("SFGS") based on prudent commercial principles from 1 January 2011. The Scheme effectively lowers banks' credit risks when lending to the SMEs. Hence it helps maintain the stability of the banking sector and is in line with the core objectives of the HKMC.

During the design stage of the Scheme, the Corporation made reference to various support schemes offered by the Government hoping that they could complement each others. Since the Scheme offers guarantee products with different guarantee protection coverages (50%, 60% and 70%), it provides more flexible options for helping SMEs in Hong Kong acquire more stable financing from banks to meet their funding needs for working capitals or acquisition of equipment and assets in support of business operation.

Premium Loan Guarantee Scheme

In September 2010, the Corporation launched the Premium Loan Guarantee Scheme ("PLGS") to complement the Government's initiative in revitalising the Home Ownership Scheme ("HOS") secondary market. The PLGS offers an additional means of financing to the HOS owners who needs flexibility in paying the premium to the Hong Kong Housing Authority. This scheme allows the HOS owners to repay the premium loan by instalments to banks under the Corporation's guarantee.

Reverse Mortgage Pilot Scheme

Reverse Mortgage is a desirable measure that should be introduced in Hong Kong to address the challenges that have arisen from the increasingly aging population, in particular those asset-rich-income-poor homeowners. The Corporation commissioned a city-wide survey in the fourth quarter of 2010 to gauge public opinions towards reverse mortgage among the elderly homeowner segment of the

population. Given the positive findings of the survey, the Board of the Corporation approved in December 2010 a pilot scheme on reverse mortgage. The pilot scheme, to be launched in 2011, enables the elderly people to utilize their self-occupied and residential properties as collateral to borrow reverse mortgage loans in return for a stream of monthly payouts while staying at their original residences for the rest of life.

Joint Venture Outside Hong Kong

In 2010, the Central Government increased the down payment, interest rate and reserve requirement ratio, with a view to cooling down the overheated property market. Given these tightening policies to curb property prices, the Corporation is facing a harsh business environment. In Shenzhen, the short-term bridging guarantee business of the Bauhinia HKMC Corporation Limited ("BHKMC") has been progressing at a stable rate as a result of the Central Government's measures to rein in the property prices in 2010.

The Cagamas HKMC Berhad, incorporated in Malaysia in 2008, is a joint venture between the Corporation and Cagamas Berhad. The joint venture provided mortgage guarantee on conventional and Islamic mortgage portfolios. One transaction was concluded under the Mortgage Guarantee Programme in the second half of 2010 with a national oil company of Malaysia.

Funding

2010 continued to be a turbulent year for the local and global capital markets under the menace of the lingering European sovereign debt crisis and fragile recovery of the US economy. With the extension of liquidity and stimulus measures implemented by governments worldwide and in particular, the implementation of a new round of quantitative easing by the US that has led to abundant liquidity in the financial markets, debt market activities picked up and credit spreads continued to tighten in the second half of 2010. In spite of the volatile market conditions, the Corporation has managed to secure prudent pre-funding to cater for loan purchases and refinancing. Given the Corporation's strong background as a wholly government-owned entity and its solid credit ratings, as well as investors' flight-to-quality inclination, the Corporation continued to be the most active Hong Kong dollar corporate issuer for the tenth year. In 2010, a total amount of HK\$8.3 billion of debts were raised. At the end of 2010, the Corporation's total outstanding debt amounted to HK\$39.1 billion.

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

The Corporation has three debt issuance programmes which allow the issuance of debt securities in an efficient and effective manner. With its strong credit ratings, the Corporation's debt issues are well received by the investing community such as pension funds, insurance companies, investment funds, charities, government-related funds as well as retail investors. The Corporation strives to maintain a pro-active approach by updating investors regularly in the local and regional markets, with Mainland China, Japan and Singapore, to name a few.

Debt Issuance Programme

The Debt Issuance Programme ("DIP") is the Corporation's main platform for raising Hong Kong dollar's funding. The DIP was established in July 1998 to target institutional investors in the Hong Kong dollar debt market. It was set up with an initial programme size of HK\$20 billion, which was subsequently increased to HK\$40 billion in 2003. The DIP has since provided a flexible and efficient platform for the Corporation to issue debts and transferable loan certificates with a tenor of up to 15 years. Apart from plain vanilla debts, the Corporation also issues high quality structured products to meet investor demand. A total of 6 Primary Dealers and 16 Selling Group Members appointed under the DIP provide wide distribution channels for both public and private debt issues.

During 2010, the Corporation issued 26 DIP debt securities for a total amount of HK\$7.1 billion. The Corporation continued to issue long-term debts, such as 15-year callable zero coupon bonds, to meet the growing demand for long-term high-grade debt products from insurance and pension funds in Hong Kong. At the end of 2010, the total outstanding amount of DIP debt securities reached HK\$26.7 billion.

Retail Bond Issuance Programme

The Corporation is dedicated to promoting the local retail bond market with the objective of extending the Corporation's investor base beyond its already strong institutional investor community. In November 2001,

the Corporation successfully pioneered a new offering mechanism for the retail bond market in Hong Kong.

To further spur the development of the retail bond market, the Corporation established the HK\$20 Billion Retail Bond Issuance Programme and made its debut issuance in June 2004. Under this programme, banks acting as placing banks use their retail branch networks, telephone and electronic banking facilities to place debt securities issued by the Corporation to retail investors. To ensure the liquidity of the aforementioned retail bonds, the placing banks are committed to making firm bid prices for the bonds in the secondary market. Over the years, the Corporation's retail bonds have gained widespread recognition as a safe and simple investment choice with reasonably attractive returns, giving retail investors an opportunity to invest in high-grade debt securities issued by a wholly government-owned corporation. When the market environment is conducive, the Corporation aims to issue retail bonds regularly to provide an additional investment tool for Hong Kong's retail investors.

Since 2001, the Corporation has issued a total amount of HK\$13.7 billion retail bonds. At the end of 2010, the total outstanding amount of retail bonds stood at HK\$0.9 billion.

Medium Term Note Programme

The Corporation established the multi-currency US\$3 Billion Medium Term Note ("MTN") Programme in June 2007 to raise funds in the international market and broaden its investor base and funding sources. The multi-currency feature of the programme enables the Corporation to issue notes in major currencies, including the Hong Kong dollar, US dollar, euro and yen to meet the demands of both local and overseas investors. All foreign currency denominated MTN debts are fully hedged into either the US dollar or Hong Kong dollar. The programme incorporates flexible product features and offering mechanisms for both public issuances and private placements so as to increase its appeal to investors with different investment horizons and requirements. An extensive dealer group comprising 10 major international and regional financial institutions has been appointed to support future MTN issuance and provide secondary market liquidity.

During 2010, the Corporation launched three MTN private debt issues, including debts denominated in the US dollar and the Singapore dollar, totalling an equivalent of HK\$1.2 billion. At the end of 2010, the total outstanding amount of MTN debts was HK\$11.6 billion.

Revolving Credit Facility provided by the Exchange Fund

During the Asian Financial Crisis, the Exchange Fund extended a HK\$10 billion Revolving Credit Facility through the Hong Kong Monetary Authority to the Corporation in January 1998. The Facility enables the Corporation to maintain smooth operation under exceptional circumstances, so that it can better fulfill its mandate of promoting banking and financial stability in Hong Kong. While the Corporation obtains long-term funding from local and international debt markets to fund its operation, the Facility also stands as a liquidity fallback for the Corporation. In light of the global financial crisis in 2008, the size of the Facility was subsequently increased to HK\$30 billion in December 2008, which demonstrated the HKSAR Government's recognition of the importance of and further support to the Corporation.

The Corporation made drawings of the Revolving Credit Facility during times of market stress in 1998 and 2008 to partially fund the acquisition of Hong Kong residential mortgage assets from local banks. At both times, the Revolving Credit Facility was fully repaid by the funds raised from the Corporation's cost-effective debt issuance when the market returned to stable conditions. At the end of 2010, there were no more drawdowns made under the Revolving Credit Facility.

Credit Ratings

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

Credit Ratings of the HKMC

	Standard & Poor's		Moody's	
	Short-term	Long-term	Short-term	Long-term
Local Currency (Outlook)	A-1+	AAA (Stable)	P-1	Aa1 (Positive)
Foreign Currency (Outlook)	A-1+	AAA (Stable)	P-1	Aa1 (Positive)

On 11 November 2010, Moody's raised the HKMC's long-term local and foreign currency rating from "Aa2" to "Aa1" with a positive outlook, along with its rating upgrade of the Hong Kong SAR Government.

On 16 December 2010, S&P upgraded the long-term local and foreign currency ratings of the Corporation from "AA+" to "AAA" with a stable outlook, also in line with its rating upgrade of the Hong Kong SAR Government.

to "AAA" with a stable outlook, also in line with its rating upgrade of the Hong Kong SAR Government.

Both credit rating agencies have made very positive comments on the Corporation's credit standing. The following comments are extracts from the credit rating reports of Moody's and S&P after their annual surveillance in May 2010:

S&P

"The ratings on HKMC are equalized with the sovereign credit ratings on the Hong Kong Special Administrative Region. This reflects S&P's expectation of an almost certain likelihood of timely and sufficient extraordinary support from the Hong Kong government to the HKMC in the event of financial distress. The critical importance of the Corporation's policy roles and integral link with the government support this view."

"On a standalone basis, the ratings reflect the HKMC's prudent credit risk management, strong liquidity, and satisfactory capital base."

"The HKMC has a traditional and generally prudent approach to risk management. Recognising credit risk as its focus of risk appetite, the Corporation has adopted stringent policies, a simple and effective business model and management structure, and various hedging tools to largely mitigate other types of risks."

"The HKMC's liquidity position is adequately managed... The Corporation also maintains a reasonably high level of liquid assets in the form of marketable debt securities, cash and bank deposits, which provides a liquidity fallback."

Moody's

"There is strong intrinsic economic relationship between the HKMC and the HKSAR Government, given its status as a mortgage product provider and the importance of land and property in the Hong Kong economy."

"The expected high level of (government) support reflects the HKMC's status as a wholly-owned Government entity to carry out critical functions in enhancing financial and banking stability in Hong Kong by providing liquidity for the mortgage and property markets via banks and housing agencies, promoting home ownership, and spearheading the development of the debt markets in Hong Kong."

"The HKMC's asset-liability management is well developed within the constraints of the local markets in terms of the availability of tools and long-term funding. Its ability to assess

and manage risk has resulted in risk levels well within its own guidelines and, in some cases, superior to some of its larger international peers.”

“Over the years, the HKMC has demonstrated a strong ability to secure funding, even when liquidity in the system had shrunk during unexpected circumstances, thanks to special exemptions or privileges for its securities and its strong fundamentals.”

Mortgage-Backed Securitisation

The Corporation has established two mortgage-backed securitisation programmes for issuing the mortgage-backed securities (“MBS”) in an efficient and effective manner. These two programmes - the Guaranteed Mortgage-Backed Pass-Through Securitisation Programme and the Bauhinia Mortgage-Backed Securitisation Programme - were the first securitisation programmes ever set up in the Hong Kong debt market.

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

The Corporation made no MBS issuances in 2010 due to a fall in investor demand and the unfavourable market conditions that followed the global financial crisis.

Guaranteed Mortgage-Backed Pass-Through Securitisation Programme

This first MBS securitisation programme of the Corporation, established in October 1999, targets banks that not only want to off load mortgage loans but also wish to enjoy the benefits of holding MBS guaranteed by the Corporation.

The back-to-back structure under this programme allows the Corporation to acquire mortgage loans from a bank and then sell the mortgage loans directly to a bankruptcy remote special purpose entity (“SPE”). The SPE in turn issues MBS to the bank as an investor of the security. Through this back-to-back exercise, the bank can convert illiquid mortgage loans into liquid MBS. Furthermore, as far as the capital adequacy requirement is concerned, MBS

guaranteed by the Corporation are assigned a 20% risk asset weighting under the Banking (Capital) Rules as opposed to 35% - 100% for mortgage loans, thereby allowing banks to utilise their capital more efficiently. Since the inception of the programme, four series of MBS with a total amount of HK\$2.8 billion have been issued.

Bauhinia Mortgage-Backed Securitisation Programme

The Bauhinia Mortgage-Backed Securitisation Programme established in December 2001 is a US\$3 billion multi-currency mortgage-backed securitisation programme. The programme provides a convenient, flexible and cost-efficient platform for the Corporation to issue MBS with various product structures, credit enhancements and distribution methods. MBS issued under the Bauhinia Mortgage-Backed Securitisation Programme have the trading and settlement characteristics of a eurobond. Trading of the MBS in the secondary market is therefore more convenient and efficient.

Since the inception of the Bauhinia Mortgage-Backed Securitisation Programme, the Corporation has successfully securitised HK\$10.4 billion of mortgage loans through five public issues and one private placement issue. The debut MBS issuance of HK\$2 billion under the programme, took place in March 2002. The second issue of HK\$3 billion in November 2003 was the largest ever Hong Kong dollar denominated residential MBS. The third public issue of HK\$2 billion, split into two portions for institutional and retail investors respectively, was delivered in November 2004. This was the first time in Asia that retail investors were given the opportunity to invest in MBS. The fourth MBS issue of HK\$1 billion was done in November 2005. The fifth public issue of HK\$2 billion, split into three senior tranches rated “Aaa/AAA” and one subordinated tranche rated “Aaa/AA”, was delivered in November 2006. This was the first partially guaranteed MBS that was executed under the programme.

Risk Management

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

Restructuring of Risk Division

In 2009, a new division called Risk Oversight and Management was established with the aim to further enhance corporate risk governance through the strengthening of risk oversight and risk management. The division was subsequently repositioned in 2010 to attain a better balance between oversight and execution; hence it was renamed Risk Division. The new division now aims to enhance the risk management and business execution capabilities of the Corporation, and is comprised of three functions: mortgage insurance, pricing & quantitative risk and risk management.

Corporate Risk Management Committee

The Board is the highest decision making authority of the Corporation and holds the ultimate responsibility for risk management. The Board, with the assistance of the Corporate Risk Management Committee ("CRC"), has the primary responsibility for the formulation of risk management strategies and for ensuring that the Corporation has an effective risk management system to implement these strategies.

The CRC is responsible for overseeing the Corporation's various types of risks, reviewing and approving high-level risk-related policies, overseeing their implementation, and monitoring improvement efforts in governance, policies and tools. It also assigns priorities and responsibilities to individual departments to enhance the risk management framework. The Committee is chaired by an Executive Director, with members including another Executive Director, Chief Executive Officer, Senior Vice President (Operations), Senior Vice President (Finance), General Counsel and Senior Vice President (Risk).

The five major areas of risk the Corporation faces comprise credit risk, market risk, operational risk, legal risk and leveraging risk.

(a) Credit Risk

Credit risk is the Corporation's primary risk exposure. It represents the default risk presented by loan borrowers and counterparties.

(i) Default risk

To address default risk effectively, the Corporation adheres to a four-pronged approach that safeguards and maintains the quality of its assets and MIP portfolios:

- Careful selection of Approved Sellers/Service/Reinsurers

- Prudent asset purchase and insurance application eligibility criteria
- Effective due diligence process
- Enhanced protection for higher-risk mortgages and transactions

Losses may arise if there are shortfalls in the recovery amount received for defaulted loans that are under the Mortgage Purchase Programme ("MPP"). To mitigate this default risk, the Corporation adopts a set of prudent loan purchase criteria and conducts effective due diligence review as part and parcel of the loan purchase process in order to maintain the credit quality of loans. In addition, depending on the projected risk exposure of each underlying loan portfolio, credit enhancement arrangements such as reserve funds for absorbing credit losses will be agreed upon with the seller on a deal-by-deal basis so as to reduce the potential credit losses that could arise from the borrower's default.

Similarly, losses may also arise from default on loans under the MIP's insurance coverage. Each MIP application is underwritten by the Corporation in accordance with a set of eligibility criteria, and each claim from a participating bank is audited by the Corporation to ensure the fulfillment of all MIP coverage conditions and to detect any fraud elements. As a result, the default risk for loans with MIP coverage has been greatly reduced. To reduce possible concentration of the aforementioned default risk, the Corporation transfers a portion of the risk-in-force to Approved Reinsurers via reinsurance risk-sharing and excess-of-loss arrangements.

(ii) Seller/Service counterparty risk

Counterparty risks may arise from the failure of a seller/service of an acquired portfolio to remit scheduled payments to the Corporation in a timely and accurate manner. The Corporation has adopted a counterparty risk limit framework that limits the aggregate amount of assets it can purchase from Approved Sellers. There are also individual limits set on the maximum amount of assets that the Corporation can purchase from a counterparty. The risk limit framework acts as a beneficial device for managing counterparty exposure on the risk profile basis of each Seller/Service and for avoiding the concentration of acquisition from a few sellers only.

(iii) Reinsurer counterparty risk

Reinsurer counterparty risk refers to the failure of an Approved Reinsurer to make claim payments to the Corporation. In order to mitigate counterparty risk effectively, the Corporation has established a framework for the assessment of mortgage reinsurers' financial strengths, credit ratings and their relevant experiences in mortgage insurance.

(iv) Treasury counterparty risk

Treasury counterparty risk arises when there is a delay or failure from treasury counterparties to make payments with respect to treasury instruments transacted with the Corporation. Hence, the Corporation has adopted a prudent treasury counterparty limit framework, under which each potential treasury counterparty is assessed on the basis of its credit ratings, financial strengths and capability in treasury products, etc. Based on the evaluation results, a treasury counterparty limit is assigned to each specific type of treasury instrument exposure.

(v) Control mechanisms

Portfolio performance and analysis reports are compiled on a regular basis to provide the management with up-to-date information on critical credit risk indicators, such as loan delinquency ratios, equity positions and cumulative credit losses, so as to enable timely reviews and swift responses to changes in the operating environment. Stress tests on retained portfolios and mortgage insurance portfolios are conducted to analyse the Corporation's financial capability to weather extreme scenarios when they arise.

The counterparty limits of all Sellers and Servicers are subject to regular review, where their financial strengths, management capabilities, loan servicing quality and transaction experience are taken into consideration for renewal and/or adjustment in limit. The limits for treasury counterparties are reviewed and adjusted on a regular basis, which are based on their financial strengths, and the capital base of the Corporation at the time. To date, the Corporation has not experienced any losses on a treasury transaction due to credit defaults by a counterparty.

The Corporation also performs an annual review of the approved reinsurers' financial strengths, business proposals, reinsurance arrangements and management capabilities. The review results are used to determine

the on-going businesses' allocations and risk-sharing portions.

(vi) Governance

At the heart of the Corporation's credit risk management framework are two committees: the Credit Committee and the Transaction Approval Committee.

Credit Committee

The Credit Committee is responsible for setting the Corporation's overall credit policies and eligibility criteria, particularly for asset acquisition and mortgage insurance. The Committee operates under the framework that has been approved by the Board. It is the approval authority for accepting applications to become Approved Sellers/Servicers under the MPP, Approved Reinsurers under the MIP and eligible treasury counterparties. It is also responsible for setting risk exposure limits for the counterparties. Should the business and operating environment change drastically, credit policies will be immediately subject to review and timely measures based on the findings will be presented to the Committee for approval.

Transaction Approval Committee

The Transaction Approval Committee is the forum for the in-depth analysis of pricing economics and associated credit risks for business transactions, whilst taking into consideration the latest market conditions and business strategies approved by the Board. Major transactions approved by the Committee are subject to endorsement by an Executive Director.

The Credit Committee and the Transaction Approval Committee are both chaired by the Chief Executive Officer with members including Senior Vice President (Operations), Senior Vice President (Finance), General Counsel, Senior Vice President (Risk) and senior staff from the relevant functional departments.

(b) Market Risk

Market risks arise when the Corporation's income or the value of its portfolios decrease due to movements in market prices. Market risk consists of interest rate risk, asset-liability maturity mismatch risk, liquidity risk and currency risk.

(i) Interest rate risk

Net interest income is the predominant source of earnings for the Corporation. It represents the excess of interest income (from the Corporation's loan portfolio, cash and debt investments) over interest expenses

(from debt issuance and other borrowings). Interest rate risks arise when changes in market interest rates affect the interest income associated with the assets and/or interest expenses associated with the liabilities.

The primary objective of interest rate risk management is therefore to limit the potential adverse effects that could arise from interest rate movements on interest income/expense, while maintaining a stable earnings growth. The interest rate risk faced by the Corporation is two-fold, namely interest rate mismatch risk and basis risk. Interest rate mismatch risk is the most substantial risk affecting the Corporation's net interest income. It arises mainly as a result of the differences in the timing of interest rate re-pricing for the Corporation's interest-earning assets and interest-bearing liabilities. Interest rate mismatch risk is most evident in the loan portfolios where the majority of the loans earn a floating interest rate (benchmarked against the Prime rate, the HIBOR or Composite Interest Rate), whilst the majority of the Corporation's liabilities are fixed-rate debt securities. The Corporation therefore makes prudent use of a range of financial instruments, such as interest rate swaps, interest rate swaptions, basis swaps, forward rate agreements and issuances of MBS, to manage interest rate mismatch risk. The proceeds of the fixed-rate debt securities are generally swapped into HIBOR-based funds via interest rate swaps in order to better match the floating-rate incomes from mortgage assets.

The Corporation also uses duration gap as an indicator to monitor, measure and manage interest rate mismatch risks. A duration gap measures the difference in interest rate re-pricing intervals between assets and liabilities. The wider the duration gap, the higher the interest rate mismatch risk, and vice versa. A positive duration gap means that the duration of assets is longer than that of the liabilities, and therefore represents a greater risk exposure to rising interest rates. On the other hand, a negative duration gap indicates a greater risk exposure to declining interest rates. Depending on the prevailing interest rate outlook and market conditions, the Corporation proactively re-balances the duration gap of its asset-liability portfolio under the guidance and supervision of the Asset and Liability Committee ("ALCO"). A cap of three months for the duration gap has been set to limit interest rate mismatch risks. In 2010, the average duration gap was kept at below one

month, indicating that the Corporation handles interest rate mismatch risk in a very effective manner.

Basis risk represents the difference in the Corporation's prime-based interest-earning assets and its HIBOR-based interest-bearing liabilities. However, there are only limited financial instruments currently available in the market to hedge the Prime-HIBOR basis risk fully. In general, basis risk can only be effectively addressed when mortgage assets and non-mortgage assets are based on HIBOR to match the funding base, or when related risk management instruments become more prevalent or economical. Over the past few years, the Corporation has consciously adopted a strategy that acquires more HIBOR-based assets. At the end of 2010, about 60% of the Corporation's mortgage assets and non-mortgage assets were HIBOR-based loans. As a result, the Prime-HIBOR basis risk for the Corporation has been substantially reduced. In addition, the issuance of Prime-based MBS and the use of hedging derivatives have also been deployed to mitigate the basis risks in the Prime-based portion of the Corporation's loan portfolio.

(iii) Asset-liability maturity mismatch risk

Even though the contractual maturity of a mortgage loan can go up to 30 years, the actual average life of a portfolio of mortgage loans is much shorter. The average life depends on the speed of scheduled mortgage repayments and unscheduled prepayments. Higher prepayment rates shorten the average life of a portfolio of mortgage loans. In Hong Kong, prepayment occurs for two main reasons: (i) housing turnover - borrowers repaying their mortgage loans upon the sale of the underlying property, and (ii) refinancing - borrowers refinancing their mortgage loans to obtain lower mortgage rates.

Asset-liability maturity mismatch risk can be more specifically characterised as reinvestment risk and refinancing risk. Reinvestment risk refers to the risk of a lower return from the reinvestment of proceeds that the Corporation receives from prepayments and repayments of its loan portfolio. Refinancing risk is the risk of refinancing liabilities at a higher level of interest rate or credit spread. The Corporation is exposed to refinancing risk (in both funding amount and cost of funds) when it uses short-term liabilities to finance long-term floating-rate loan portfolios.

Reinvestment risk is managed through on-going efforts of purchasing new loans to replenish the rundown in the retained portfolios and through the investment of surplus cash in debt securities or cash deposits to fine-tune the average life of the overall assets pool.

Refinancing risk is managed through the issuance of callable bonds and transferable loan certificates. The call option included in callable bonds and transferable loan certificates allows the Corporation to adjust the average life of its liabilities to match more closely with that of the overall pool of assets. In this regard, the Corporation also has the flexibility of issuing debt securities on a broad spectrum of maturities, ranging from one month to 15 years. This again serves to adjust the average life of the overall liability portfolio in a dynamic fashion. In addition, refinancing risk can be mitigated by adjusting the maturities of assets in the investment portfolio and off-loading mortgage assets through securitisation of mortgage loans into MBS.

Asset-liability maturity gap ratio (ratio of the average life of the total interest earning assets to average life of the total interest bearing liabilities), is used to monitor and manage maturity mismatch risk, with a target ratio set by the ALCO to ensure a proper balance between the average life of the Corporation's assets and liabilities.

(iii) Liquidity risk

Liquidity risk represents the risk of the Corporation not being able to repay its obligations, such as the redemption of maturing debt, or to fund the committed purchases of loan portfolios. Liquidity risk is managed by the monitoring of daily inflow and outflow of funds and by projecting the longer-term inflows and outflows of funds across a full maturity spectrum. The Corporation measures its liquidity risk with a target liquid asset ratio (ratio of liquid asset to total assets), which was set by the ALCO to monitor and manage its liquidity position. The Corporation manages pre-funding prudently through well-diversified funding sources, so that all foreseeable funding commitments are met when they fall due, in order to support the growth of its business and the maintenance of a well-balanced liability portfolio. Such diversification allows the Corporation to pursue a pre-funding strategy at the lowest possible cost, whilst at the same time offering safeguards against the inability to raise funds in distorted market conditions. The current funding sources include:

- Shareholders' Capital: an authorised capital of HK\$3 billion, of which HK\$2 billion is fully paid up. Accumulated shareholders' funds amounted to HK\$7.6 billion as of 31 December 2010.
- HK\$40 Billion Debt Issuance Programme: there are 6 Primary Dealers and 16 Selling Group Members which underwrite and distribute debts to institutional investors under the DIP. The Transferable Loan Certificate Sub-Programme under the DIP provides a further diversification of its funding sources and broadening of investor base.
- HK\$20 Billion Retail Bond Issuance Programme: this debt issuance programme has 19 Placing Banks which assist in offering retail bonds to investors.
- US\$3 Billion Medium Term Note Programme: there are 10 Dealers who underwrite and distribute local and foreign currency debts to the international institutional investors under the programme.
- US\$3 Billion Bauhinia Mortgage-Backed Securitisation Programme: with a total of eight Dealers, this multi-currency mortgage-backed securitisation programme permits the Corporation to originate MBS in both the local and international markets.
- Cash and Debt Investment Portfolio: the portfolio comprises mainly cash and bank deposits, commercial papers, high-quality certificates of deposits and notes that can be readily converted into cash.
- HK\$30 Billion Revolving Credit Facility: the Exchange Fund commits to providing the Corporation with HK\$30 billion in revolving credit.
- Money Market Lines: the Corporation has procured money market lines from a large number of local and international banks for short-term financing.

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

The Corporation implements its liquidity risk management framework in response to changes in market conditions. The Corporation has continuously

monitored the impact of recent market events on its liquidity positions, and has pursued a prudent pre-funding strategy which has helped to contain the impact the global financial turmoil had on its liquidity.

(iv) Currency risk

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

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

(v) Control mechanism

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

(vi) Governance

Asset & Liability Committee

The ALCO manages the Corporation's asset-liability portfolio with prudent risk management principles. It has the authority to set market risk management policies and limits to facilitate day-to-day market risk management. Regular meetings are held to review the latest financial market developments and the asset-liability portfolio mix. Furthermore, it also oversees the implementation of risk management and investment guidelines approved by the Board.

The ALCO is chaired by the Chief Executive Officer, with members including Senior Vice President

(Finance), Senior Vice President (Operations), Senior Vice President (Risk) and senior staff from the relevant functional departments.

(c) Operational Risk

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

(i) Control mechanism

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

The Corporation actively manages operational risk with its comprehensive systems of well-established internal controls, authentication structures and operational procedures. Operational infrastructures are well designed to support the launches of new products in different business areas, including asset acquisition, mortgage insurance, treasury operations, bond issuances, securitisations and overseas businesses. Rigorous review is conducted before the implementation of operational or system infrastructures in order to identify possible operational risk and to ensure adequate segregation of duties.

To prevent potential human errors and to ensure an efficient and effective discharge of daily operations, the Corporation pursues advanced technological solutions alongside robust business logics and controls to carry out its operational activities and business processes. Steps have been taken to ensure the accuracy, availability and security of these systems, as they are critical to business operations and risk managements.

The Corporation has also taken careful steps to institute adequate checks and balances in financial controls to ensure that its operations are properly directed and controlled. Effective financial controls also help to minimise the financial risks and safeguard its assets against inappropriate use or loss, including prevention and detection of fraud.

The Corporation's Information Security Manual ("ISM") documents security standards and practices relating to information and data security for observance by all staff. All system security measures must follow the requirements stated in the ISM. The Corporation implements various security measures, such as double firewall protections, intrusion detection systems, virus alerts, quarantine systems and vulnerability scanning systems so as to minimise its exposure to external attacks. Internally, the Corporation also has a virtual Local Area Network with workstation security policies, to reduce damages in the event of a malicious intrusion. The Corporation engages external consultants for intrusion vulnerability tests in order to enhance system security when appropriate.

To ensure a high degree of compliance, the Corporation's core operating systems and processes are subject to regular audit and review by internal and external auditors. Furthermore, all staff are required to sign an undertaking to comply with the requirements in the ISM every year. The ISM is updated whenever there is a new security measure or a new system. Any changes to the ISM require approval from senior management.

To ensure that business recovery procedures are practical and to facilitate continuous improvement, a business recovery drill is conducted by both IT and user departments every year. Daily back-ups and off-site storages of back-up tapes were put into place to protect the Corporation from IT disasters.

Product Sign-off Mechanism

To ensure that all risk factors are considered when designing and implementing a new product, the Corporation developed a new product development management framework under which proper sign-off of product specification is conducted prior to the new product launch. The product driver is clearly assigned upfront at the start of the product development process to be responsible to institute the sign-off process. Products can only be launched after all functional departments have signed-off and confirmed functional readiness.

(ii) Governance

Operational Risk Committee

The Operational Risk Committee ("ORC") is responsible for ensuring that all business entities and line functions in the HKMC maintain an effective operational risk and internal control framework. Furthermore, it 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 actions upon audit findings related to operational risks and internal controls.

The ORC is chaired by the Chief Executive Officer, with members including Senior Vice President (Operations), Senior Vice President (Finance), General Counsel, Senior Vice President (Risk) and senior staff in the relevant functional departments.

(d) Legal Risk

Legal risk is the risk arising from uncertainty in the application or interpretation of laws, regulations and legal documents, or failure to comply with the statutory, regulatory or legal obligations.

(i) Control mechanism

The Legal Office, headed by General Counsel and Company Secretary, advises the Corporation on legal matters with a view to controlling legal risk. When new products or business activities are considered, the Legal Office will advise on the relevant laws and regulatory environment, as well as the legal documentation, and identify possible legal pitfalls with a view to protecting the best interests of the Corporation. Where appropriate, external counsel will be engaged to assist the Legal Office in providing full legal support to the Corporation. The Legal Office also works closely with the other departments of the Corporation to advise on legal issues and documentation.

The General Counsel and Company Secretary ensures that company secretarial arrangements, for example, arrangements relating to the holding of Board meetings and general meetings, distribution of Board papers, passing of resolutions and the maintenance of meeting minutes etc., comply with the applicable laws and regulations, as well as the constitutional documents of the Corporation and the Code on Corporate Governance. The General Counsel and Company Secretary also provides advice and support to the Directors so as to ensure that best practices relating to Board procedures, avoidance of conflicts of interest and other aspects of corporate governance are observed.

(ii) Governance

The ORC is the governance committee for legal risks.

(e) Leveraging Risk

To ensure that the Corporation does not engage in excessive leveraging by expanding its business activities to over a certain proportion of its capital base, the Financial Secretary of the HKSAR Government has issued Guidelines on the Capital-to-Assets Ratio ("CAR") of the Corporation. The minimum CAR stipulated in the Guidelines is 5%.

In accordance with the capital requirement laid down in the Guidelines, the Corporation's maximum leverage should also be maintained at a healthy and low level. As at 31 December 2010, the Corporation has a capital base of HK\$7.6 billion and a CAR at 10.8% which is well above the minimum requirement of 5%.

Capital adequacy and prudent use of regulatory capital are monitored daily by Management in accordance with the Guidelines issued by the Financial Secretary. The Chief Executive Officer is required to submit a quarterly report to the Board by reference to the Guidelines. An early warning system will alert Management when the ratio drops below 6%. Any breach or likely breach of the Guidelines must be reported to the Financial Secretary.

Process Management and Information Technology

Automation is instrumental in ensuring efficiency and accuracy in daily operations. Since its inception, the Corporation has devoted substantial resources and efforts to developing and upgrading its business operations, internal controls and application systems.

In 2010, the Corporation revamped its treasury system, with a view to making further enhancements in the timeliness of developing new treasury and hedging products; better risk management integration across various products, counterparts and regions; better integration and more reliable collaboration among front, middle and back offices; and more robust and responsive adaptations to meet future regulatory and reporting requirements. The new treasury system is now in its final stage of development, and will be launched by the end of 2011 after a comprehensive trial.

To support the launch of the SME Financing Guarantee Scheme in 2011, the Corporation also worked on the development of the Guarantee Information Processing System, a new application system that would provide internal control and process automation for application processing, post-commitment monitoring, guarantee fee administration, claim processing and management reporting, etc. This system will be phased in over 2011.

Automation also enables the introduction of more sophisticated products to meet market needs. In November 2010, the Corporation introduced a Risk-based Scoring Model, which replaced the Risk-based Pricing Scheme and Loyalty Discount Scheme as an enhancement of the Mortgage Insurance Program ("MIP"). The calculation and processing have become more comprehensive, and the turnaround time for the underwriting processes have improved.

Given the Corporation's know-how and expertise on document imaging and paperless operations adopted for the MIP operations, the Corporation had on trial an IT infrastructure to streamline the treasury and mortgage operations in order to better cope with the increasing transaction volume and sophistication. This automation on indexing, filing and retrieval of vast amount of paper documents is essential for timely transaction management and operational control. It also provides the extra benefit of unifying the filing and retrieval process for the straight-through-processing of trade confirmations, securities settlement, payment authentication and document storage. It is envisaged that the entire project will be launched in the first half of 2011. If necessary, it can be extended to document imaging needs for other new business operational areas.

Business Continuity Plan

As a business continuity plan is crucial to the sustainability of a corporate during disasters or damage of resources, the Corporation regularly reviews its corporate-wide business continuity plan, as well as the business continuity plans of its respective business and operational units, to ensure an effective and efficient decision-making and reporting framework in response to potential disastrous events.

In 2010, the Corporation revised the methodology of conducting drills on its business continuity plan. Instead of a well-planned and well-organised disaster recovery drill, the annual drill was triggered without prior notification to participating staff. This "surprise" drill was successful, as normal operations resumed within two hours.

Corporate Social Responsibility

In recognition of the Corporation's contribution to the community and its commitment to corporate social responsibility in the past year, the Hong Kong Council of Social Service awarded the Corporation the honour "Caring Organisation 2010/11" under its Caring Company Scheme for the third year.



Caring Company Recognition Ceremony

As a socially responsible organisation, the Corporation cares for both its staff and the community. The Corporation has underlined its commitment to corporate social responsibility by caring for its employees' well-being, participating in charity activities and implementing environmental protection measures.

Care for Employees

Staffing and Remuneration

With the Corporation's core mission of enhancing stability in the banking sector, promoting wider home ownership and facilitating the development of the debt securities market, it attracts and grooms talent in its key business areas of asset purchase, mortgage insurance and debt issuance. The Corporation provides its staff with competitive remuneration packages and fringe benefits, a promising career path and development opportunities, and a healthy and safe working environment. It also adopts family-friendly practices by offering a five-day week to help employees maintain a good work-life balance, as well as comprehensive medical and dental insurance plans which cover both the employees and their family members.

Through systems automation and process re-engineering, the Corporation has maintained a lean and efficient workforce, despite an increase in the scope of purchases and the complexity of the products it offers. In 2010, the permanent establishment of the Corporation was 146, and it recorded a staff turnover rate of 19%.

Training and Development

The Corporation recognises the importance of on-going training and has devoted considerable resources to the continuous enhancement of its employees' professional knowledge and skills. In 2010, the Corporation arranged both internal and external courses to help employees enhance their product knowledge, and strengthen their managerial and technical competence. The in-house training sessions on product training covered a range of topics from

securitisation and credit approval/loan underwriting to bank lending to SMEs. There were in-house training workshops on soft skills, including team building, coaching skills, time management, effective writing skills and Putonghua training. The Corporation also sponsored employees who attended external courses covering a wide range of topics, from mortgage-related issues, risk management, finance and accounting, and corporate governance to information technology and management skills. In addition, all new staff were provided with an induction session to give them an overview of the Corporation's operations, as well as their specific scope of work.



Bank Lending to SMEs Workshop



Teamwork and Trust Building Workshop



Team Building Workshop for Management Team



Customer Service via Better Communication Training Workshop

Health and Safety

As a caring organisation, the Corporation is dedicated to looking after both the physical and mental health of its staff. An Employee Support Programme is in place to provide confidential external counseling and consultation services to employees and their family members if needed. A vaccination programme for the prevention of influenza and a health check programme at privileged rates were also offered to staff.

The Corporation has further reviewed and strengthened its contingency plans, such as split-team arrangements, to ensure a swift response to a possible outbreak of influenza. The contingency plans aim to prevent the spread of communicable diseases among staff and to minimise any unexpected or sudden disruption to business operations. Periodic drills are organised to make sure staff are conversant with the activation of the back-up facilities, contingency plans and communication arrangements in case of emergency.

Employee Relations and Staff Activities

To promote a better work-life balance and foster a family-friendly working place, the HKMC Staff Club, composed of members from various departments, regularly organises various staff activities to cultivate better relationships and communication among employees. Just some examples of



Bowling Fun Day



Visit to New Life Farm

the activities were Bowling Fun Day, Work-Life Balance Day, the New Life Farm visit and other staff gatherings, of which all were well received by staff and their family members. Staff have also participated in friendly soccer games with other organisations for fun and team building.

To ensure effective communication within the Corporation, the Corporation's intranet Staff Homepage is frequently updated so that useful information can be shared across different departments. There is also the Staff Suggestion Scheme, which encourages staff to make suggestions for improvements on the work flow and the work place. In 2010, the Corporation also set up a "Mind Channel" that regularly disseminates short stories, epigrams and health tips to all staff, hoping to promote a work-life balance.



Work-Life Balance Day



Dress Special Day 2010

Care for the Community

Charities and Social Activities

The Corporation promotes charitable and community functions, such as fund-raising events, donation campaigns and voluntary services, from time to time. Staff are encouraged to support charity activities and do voluntary work. In 2010, donations were made to victims of the Haiti earthquake and the Qinghai earthquake. Other charity donation campaigns during the year included the Dress Special Day 2010 for the Community Chest, and the HKMC charity concert for education projects in the Mainland. And similarly, the annual Blood Donation Day for the Hong Kong Red Cross took place once again in 2010.

The staff are keen to participate in voluntary services, always willing to devote time and effort to showcase their concern for the needy in the society. In 2010, active volunteers from different departments came together to form a “Caring League” (meaning a group of people sharing a common goal and having a team spirit in caring our community). With the efforts of the Caring League, the Corporation has partnered with several social service organisations in a number of voluntary services including:

- Care for the environment and the children – a guided eco-tour to Fung Yuen Butterfly Reserve, followed by voluntary work of removing weeds with child volunteers from the Hong Kong Family Welfare Society;
- Care for the elderly – a visit to the HKYWCA Ming Yue District Elderly Centre and a visit to the elderly living alone organised by The Boys’ & Girls’ Clubs Association of Hong Kong during Mid-autumn Festival; and
- Care for the disabled – participation in International White Cane Day 2010 organised by Hong Kong Blind Union to help members of the public in understanding the difficulties that the visually impaired people would encounter in their daily lives.



Going Green – Butterfly Fantasy



Visit to elderly living alone

Student Programmes

To help nurture talents for the future, the Corporation provides a number of internship and placement programmes for undergraduates to give them a taste of the real business world and better prepare themselves for their future careers. The students who have joined the programmes have all left with the valuable learning experiences and work opportunities that they had been exposed to.



Visit to the HKYWCA Ming Yue District Elderly Centre



International White Cane Day 2010

Environmental Protection

The Corporation continuously supports and implements various green measures to create a more environmentally-friendly office and raise staff awareness of waste reduction and energy conservation. Staff are encouraged to adopt a paperless working practice by using more electronic communication means. They are also encouraged to collect waste paper and used toner cartridges for recycling, and are reminded to switch off their computers before leaving the office. Since 2006, the Corporation has put effort in taking various measures including better control of office temperature in the interest of energy efficiency. The Corporation welcomes suggestions from the staff for green office ideas, and encourages its suppliers to use or offer more environmentally-friendly products whenever possible.

2011 Outlook

While the Hong Kong economy has rebounded, the Corporation remains vigilant at all times and keeps abreast of all developments in the property and financial markets. Given the uncertainties of the global economy, as well as the launch of new projects – the SME Financing Guarantee Scheme, the Reverse Mortgage Pilot Scheme and the study of microfinance – it is expected that the year of 2011 will be another challenging year for the Corporation. Therefore, to fulfill its core missions and strengthen its strategic role in Hong Kong, the Corporation will continue to review its well-established business programmes from time to time, and enhance its products when appropriate to effectively meet the needs of the market.

Healthy_{and} Sustainable_{Growth}



Financial Review

The economy of Hong Kong experienced a robust recovery in 2010 following the recession in 2009. In light of improving income and job prospects, private consumption picked up and business sentiment remained optimistic in general, with strong growth momentum from both internal and external sectors. In particular, strong demand in Asian economies, combined with further revival in demand in the United States and Europe, greatly boosted Hong Kong's external trade, as well as trade-related and transportation services. Employment and income growth, together with a surge in public construction works, also supported private consumption and domestic fixed investment. All in all, the real GDP recorded a year-on-year growth of 6.8% and the unemployment rate fell to 4.0% in the fourth quarter, the lowest level since 2008.

The continuation of the ultra loose monetary stance in advanced economies and, in particular, a new round of quantitative easing by the United States, led to rising global liquidity, which caused inflation and asset prices to soar. Underlying consumer price inflation averaged 2.4%, up from 0.5% in 2009, due to the price pressure from imported sources, following renewed weakening of the US dollar, rising global food prices and higher inflation in Asia. Residential property prices climbed 21% as of December 2010 over a year ago, but showed signs of moderating towards the end of the year after the implementation of prudential measures by the Hong Kong Government to address concerns over a property price bubble caused by speculative investments in the property sector.

FIGURE 1
Summary of Financial Performance

	2010 HK\$ million	2009 HK\$ million
Operating profit before impairment	1,387	1,111
Profit before tax	1,406	1,150
Profit attributable to shareholders	1,234	1,006
Return on shareholders' equity	17.5%	16.2%
Return on assets	2.2%	1.6%
Cost-to-income ratio	11.0%	12.4%
Capital-to-assets ratio	10.8%	9.5%

Income Statement

Financial Performance

Riding on the robust recovery of the Hong Kong economy and the buoyant property market, the Corporation managed to achieve good financial results again in 2010. Profits attributable to shareholders amounted to HK\$1,234 million in 2010 (**FIGURES 1 and 2**), representing a 22.7% increase over 2009. The growth was attributable to ample liquidity, excellent loan performance and increased contribution from mortgage insurance premium earned from loans underwritten under the Mortgage Insurance Program ("MIP").

Operating profit before impairment increased by HK\$276 million, or 24.8%, to HK\$1,387 million, supported by 153.4% growth in other income that more than offset the 6.5% reduction in net interest income.

The return on shareholders' equity rose to 17.5% (2009: 16.2%), while the return on assets climbed to 2.2% (2009: 1.6%). Despite increased commitment in risk management that lifted the operating expenses by 8.2%, the significant rise of 22.8% in operating income improved the cost-to-income ratio to 11.0% (2009: 12.4%). The capital-to-assets ratio remained robust at 10.8% (2009: 9.5%), well above the guideline of a minimum 5% stipulated by the Financial Secretary.

The average loan portfolio fell by HK\$8.7 billion compared with that of 2009, as a result of the faster runoff of loan portfolio arising from increased refinancing activities in the property market, which was offset partially by an increase in cash and investments of HK\$2 billion. Though both the

FIGURE 2
Profit Attributable to Shareholders

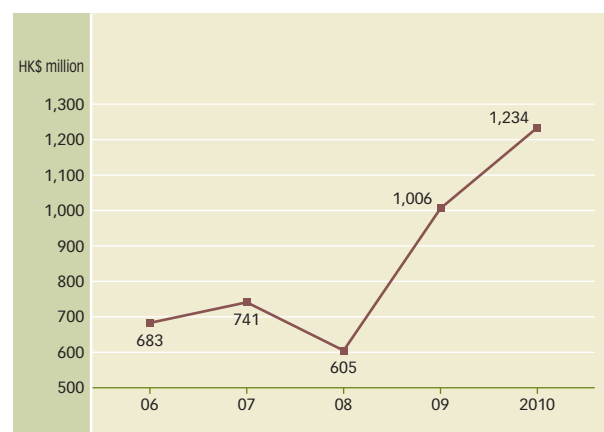


FIGURE 3
Net Interest Income

	2010 HK\$'000	2009 HK\$'000
Interest income	1,141,383	1,338,301
Interest expense	(170,802)	(300,594)
Net interest income	970,581	1,037,707
Average interest-earning assets	53,266,677	60,017,628
Net interest margin	1.8%	1.7%
Net interest spread on interest-bearing liabilities ¹	1.8%	1.7%

¹ Net interest spread on interest-bearing liabilities = Return on interest-earning assets – Funding cost on interest-bearing liabilities

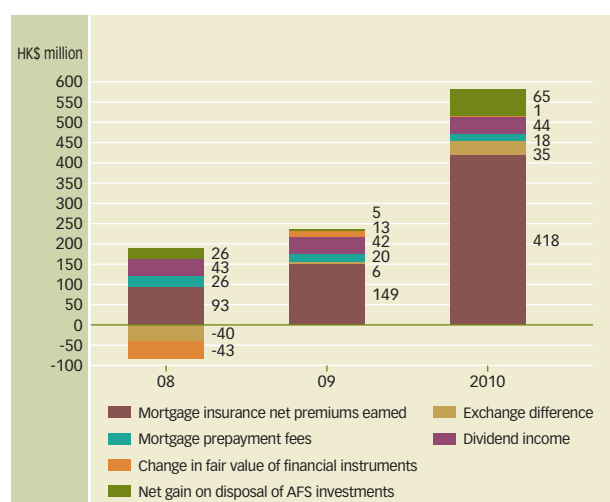
net interest spread and net interest margin improved from 1.7% to 1.8%, net interest income for the year declined by 6.5% from HK\$1,038 million to HK\$971 million because of a reduction in average interest-earning assets of HK\$6.8 billion in 2010 (**FIGURE 3**).

Other Income

Other income rose by 153.4% to HK\$588 million in 2010 (2009: HK\$232 million). The key item was the mortgage insurance premium earned from the MIP. (**FIGURE 4**)

With the active property turnover that boosted new residential mortgage loans drawn down in the market from HK\$199.3 billion in 2009 to HK\$324.2 billion in 2010, the Corporation's new business underwritten under the MIP rose from HK\$36 billion to HK\$41 billion. The amortisation effect of premium receipts underwritten that added to the upfront premium recognised for loan refinancing/prepayment, led to an increase of 148% in the net premiums earned, from HK\$171 million to HK\$424 million. After reserving the additional

FIGURE 4
Major Source of other Income



provision for outstanding claims of HK\$6 million (2009: HK\$22 million), the net premiums earned after provision increased by 180.5% from HK\$149 million to HK\$418 million.

Net gain on disposal of available-for-sale investments was about HK\$65 million (2009: HK\$5 million), which was attributable mainly to the re-balancing and diversification of investment portfolio.

A dividend income of HK\$44 million (2009: HK\$42 million) from listed investment securities, which was equivalent to a dividend yield of about 5%, was received in 2010 (2009: 5%). The income was generated from investments in bond fund and real estate investment trust.

An exchange gain of HK\$35 million was recorded. It was HK\$29 million more than that of 2009 (2009: HK\$6 million), primarily due to revaluation of US dollar net exposures.

Early prepayment fees were HK\$18 million, HK\$2 million lower than that of 2009 (2009: HK\$20 million).

Operating Expenses

The Corporation continued to maintain stringent cost controls to contain expenses and improve operating efficiency. Operating expenses recorded an increase of 8.2% over 2009 to HK\$171 million, but HK\$21 million lower than that projected in the approved budget. Staff costs rose by 5.6% to HK\$114 million, which was attributable mainly to further strengthening in our risk management capabilities. Staff costs accounted for 66.7% of total operating expenses, compared to 68.6% in 2009. Premises rental and related costs maintained at HK\$14 million. Depreciation charges on assets increased to HK\$13 million (2009: HK\$11 million). Consultancy fees increased by HK\$5 million to HK\$12 million, which was attributable mainly to the enhancement of credit risk management capabilities and the legal consultancy fees incurred for new business initiatives (**FIGURE 5**).

FIGURE 5
Operating Expenses

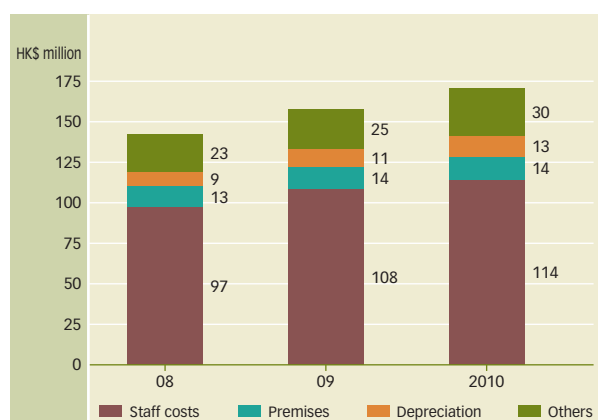
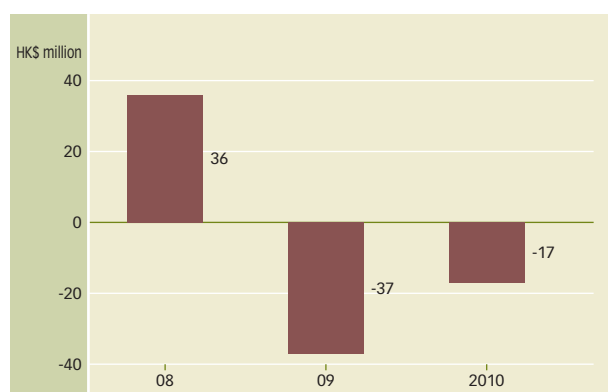


FIGURE 6
(Write-back)/Provisions of Loan Impairment Allowances



Allowance for Loan Impairment

Asset quality remained strong, with the delinquency ratio falling from 0.04% to 0.03%. Collective assessment for loan impairment of HK\$17 million was written back in 2010 due to a reduction in loan portfolio of HK\$9 billion compared to 2009 and a surge in property price (FIGURE 6).

In respect of the overseas mortgage loan portfolio, asset quality remained healthy as a result of stringent purchasing criteria and prudent risk mitigation. No collective assessment for loan impairment was necessary for 2010 (2009: nil) and no credit loss was recorded so far recorded.

Total allowance for loan impairment accounted for 0.01% of the outstanding principal balance (HK\$35.3 billion) of the loan portfolio at the end of 2010, which was similar to the local market level (FIGURE 7). During the year, there were no loans written off (2009: HK\$3 million) while the recovery of loans previously written off amounted to HK\$4 million (2009: HK\$3 million).

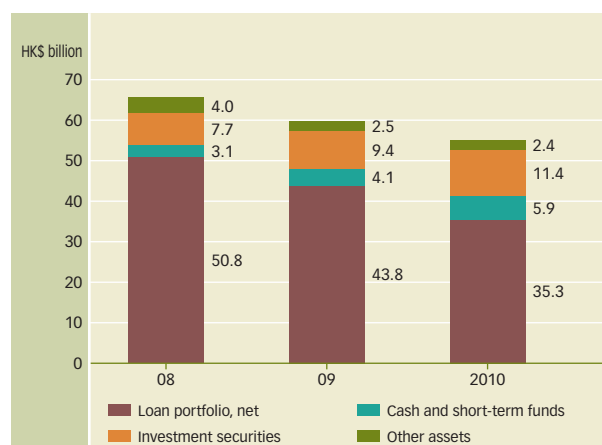
FIGURE 7
Ratios

	2010	2009
Delinquency ratio for loan portfolio overdue for more than 90 days	0.03%	0.04%
Total allowance for loan impairment as a percentage of the gross loan portfolio	0.01%	0.03%

Financial Position

Total assets fell by HK\$4.8 billion to HK\$55 billion (2009: HK\$59.8 billion) (FIGURE 8), mainly due to the reduction of loan portfolio by HK\$8.5 billion to HK\$35.3 billion. Surplus cash from mortgage receipts was invested in short-term

FIGURE 8
Asset Deployment



investment securities to bridge the redemption of matured debt securities issued.

Loan Portfolio

During the year, the Corporation made a purchase of HK\$4.7 billion loan assets (2009: HK\$8.8 billion), which were all residential mortgage loans in Hong Kong.

Taking account of the prepayment and repayment during the year, the outstanding balance of residential mortgage portfolio and securitised portfolio in Hong Kong stood at HK\$18.1 billion and HK\$0.7 billion respectively. The Korean residential mortgages recorded a normal runoff of HK\$3.5 billion and the outstanding balance stood at HK\$11.9 billion. The commercial mortgage portfolio, which was backed by local commercial buildings, maintained at HK\$4 billion at the end of 2010, same as that of 2009 (FIGURE 9).

The average prepayment rate of the loan portfolio (including securitised mortgages) increased from 16.3% in 2009 to 24.1% in 2010 because of active property turnover in the current exuberant property market.

FIGURE 9
Loan Portfolio, Net

	2010 HK\$'000	2009 HK\$'000
Mortgage portfolio		
Residential		
– Hong Kong	18,081,110	21,980,141
– Overseas	11,912,250	15,441,285
Commercial	4,000,000	4,000,000
Securitised portfolio	717,786	1,314,685
Non-mortgage portfolio	549,820	1,066,616
	35,260,966	43,802,727
Allowance for loan impairment	(2,029)	(14,011)
Loan portfolio, net	35,258,937	43,788,716

Investment Securities

The Corporation's investment portfolio is mainly made up of bank deposits, short-term commercial papers, certificates of deposit, bonds, yield-based government bond funds and real estate investment trust. The liquid investment portfolio serves as a liquidity buffer to support the Corporation's business operations, enabling it to respond quickly and smoothly to unforeseen liquidity requirements. The Corporation adopts a prudent and low-risk approach in managing its surplus funds and investment activities in accordance with the approved investment guidelines. As at 31 December 2010, the total investment portfolio grew from HK\$9.4 billion in 2009 to HK\$11.4 billion, which included HK\$3.4 billion of available-for-sale investments and HK\$8 billion of held-to-maturity investments. The increase in investment portfolio was due to active capital management and surplus cash management arising from businesses activities in 2010. With prudent investment guidelines and asset and liability management, the Corporation did not directly or indirectly hold any sub-prime investment, collateralized debt obligations, high risk European sovereign debts or debt securities issued by the failed financial institutions in its portfolios. As in 2009, there were no impairment losses or provisions against the investment portfolio in 2010.

Debt Securities Issued

In 2010, the Corporation issued a total of HK\$8.3 billion of debts in 2010, comprising HK\$7.1 billion debts under the DIP and HK\$1.2 billion under the MTN. All the non-HK dollar debts issued under the MTN were swapped into HK dollar or US dollar liability using hedging financial derivatives. As at 31 December 2010, the total outstanding balance of the debts issued fell by 12.1%, or HK\$5.4 billion, to HK\$39.1 billion as compared with 2009. The decline reflected mainly the redemption of HK\$13.8 billion debts matured in 2010 to match with the prepayment of mortgage portfolio. Before taking account of the full and partial prepayments, the average life of the loan portfolio was nine years on a contractual basis. While the Corporation issued debts with tenor ranging from one month to 15 years, 87.1% of the Corporation's outstanding debts would mature in one to five years.

Mortgage-backed Securities Issued

During the year, the Corporation did not issue any mortgage-backed securities ("MBS"). In comparison with 2009, the total outstanding balance of the MBS issued dropped by 25%, or HK\$0.5 billion, to HK\$1.5 billion, reflecting the redemption of MBS in 2010.

Off-balance Sheet Exposures

Mortgage Insurance

The Corporation operates the MIP business on a risk-sharing basis with approved reinsurers. At the end of 2010, the total risk-in-force was about HK\$17.6 billion (2009: HK\$14.9 billion), of which HK\$2.4 billion (2009: HK\$3.3 billion) was ceded to approved reinsurers. The off-balance sheet risk-in-force exposure borne by the Corporation grew 31.4% to HK\$15.2 billion in 2010. Out of this exposure, the excess loss of HK\$1.9 billion of risk-in-force was hedged through the use of excess-of-loss reinsurance arrangement to reinsure the middle layer risk positions and the Corporation retains a portion of the total risk comprising the first-loss and remote risk portions.

The provision for outstanding claims accounted for 0.46% (2009: 0.56%) of the retained risk-in-force at the end of 2010. The delinquency ratio remained healthy at 0.003%. (2009: 0.003%).

Overseas Businesses

At the end of 2010, the outstanding balance of the Korean mortgage portfolio stood at HK\$11.9 billion (2009: HK\$15.4 billion). The joint venture in Malaysia, which engages in mortgage guarantee business, recorded a share of profit of HK\$2.3 million (2009: HK\$1.9 million). The joint venture in the Mainland of China, which engages in mortgage bridging guarantee business, generated a profit of HK\$3.3 million (a loss of HK\$4.4 million in 2009). The aggregate profit contribution of these businesses amounted to HK\$134 million (2009: HK\$126 million), or 9.5%, of the Corporation's profit before tax in 2010.

Cash Flow Management

The Corporation generated HK\$1.4 billion of cash flow from operating activities before changes in operating assets and liabilities. The cash flow, which was derived mainly from net interest income received, represented an increase of HK\$0.2 billion over that of 2009. Repayment of mortgage portfolio was used to finance debt securities redemption and invest in held-to-maturity investment portfolio. Net increase in cash equivalent amounted to HK\$0.7 billion in 2010 (2009: HK\$1.1 billion).

Capital Management

The Financial Secretary has approved the following capital adequacy framework to account for different levels of risk embedded in the various products. The minimum Capital-to-

Assets Ratio ("CAR") by product reflects a prudent estimate of underlying risks, taking into account any eligible collateral, with some adjustments to reflect the contingent nature of potential losses (**FIGURE 10**).

The capital base, defined as shareholders' equity excluding hedging reserve plus the allowance for loan impairment under collective assessment, grew by 15.9% from HK\$6.3 billion to HK\$7.3 billion in 2010 amid the earnings growth. At the end of 2010, the aggregate amount of the Corporation's on-balance sheet assets and off-balance sheet exposure was HK\$67.3 billion, which mainly consisted of HK\$30.1 billion of risk-weighted mortgage loans, HK\$0.9 billion of hire purchase assets, HK\$11.4 billion of investment securities, HK\$5.9 billion of cash and bank balances, HK\$15.2 billion of risk-weighted mortgage insurance exposure, HK\$2.6 billion of replacement costs and potential future credit exposure

of derivative contracts, HK\$0.1 billion of risk-weighted guarantee exposure under the MBS programmes and HK\$1.1 billion of other assets. At the end of 2010, there was no outstanding exposure for the newly launched guarantee schemes, PLGS and SFGS. The CAR stood at a healthy level of 10.8% (2009: 9.5%), well above the minimum level of 5% stipulated by the Financial Secretary.

Dividend

At the Annual General Meeting held on 12 April 2011, Shareholders, having considered the exceptional financial performance of the Corporation and the capital requirement for launch of new businesses in 2011, approved a final dividend of HK\$0.175 (2009: HK\$0.25) per share, totalling HK\$350 million (2009: HK\$500 million), representing a 28.4% of the profit attributable to shareholders.

FIGURE 10

Product	Minimum Capital-to-Assets Ratio
Mortgage Purchase Programme	
(i) regular mortgage loans	5% of regular mortgage loan portfolio (based on outstanding principal balance or committed amount plus accrued interest)
(ii) loans originated under the Home Starter Loan Scheme ("HSL") and Sandwich Class Housing Loan Scheme ("SCHLS")	2% of HSL and SCHLS loans (based on outstanding principal balance or committed amount plus accrued interest)
Mortgage-Backed Securities ("MBS") guaranteed by the Corporation	2% of MBS portfolio (based on outstanding principal balance plus accrued interest)
Securitised mortgage loans transferred from the Corporation to the special purpose entities ("SPE") that are qualified for derecognition from the Corporation's balance sheet before account consolidation of the SPE	0% of securitised mortgage loans
Securitised mortgage loans transferred from the Corporation to the SPE that are not qualified for derecognition from the Corporation's balance sheet before account consolidation of the SPE, where the mortgage-backed securities issued are:	
(i) guaranteed by the Corporation	2% of securitised mortgage loans
(ii) not guaranteed by the Corporation	5% of securitised mortgage loans
Non-residential mortgage loans	8% of the non-residential mortgage loan portfolio
Non-mortgage loans	8% of the non-mortgage loan portfolio
Overseas residential mortgage loans	The capital requirement applicable to the jurisdiction in which the overseas residential property is situated to adjust for the 5% requirement on regular mortgage loan portfolio
Mortgage Insurance Programme ("MIP")	0% of risk-in-force value of exposure covered by the Approved Reinsurers under reinsurance arrangement with significant credit risk transfer 5% of risk-in-force value of exposure not covered, or covered by the Approved Reinsurers under reinsurance arrangement without significant credit risk transfer
Guarantee on premium loan under Premium Loan Guarantee Scheme ("PLGS")	5% of guarantee exposure
Guarantee under SME Financing Guarantee Programme ("SFGS")	6% of guarantee exposure where the aggregate exposure to a single obligor does not exceed HK\$10 million 8% of guarantee exposure where the aggregate exposure to a single obligor exceeds HK\$10 million



核心使命

“ 透過提供可靠的流動資金去**提高**銀行業**穩定性**，減低銀行按揭借貸的**過度集中**及**流動性風險**；

協助**更多**市民在香港**置業安居**；及

促進香港債券及按揭證券市場的**發展**。 ”

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53	組織架構	184	附註乙 按揭保險計劃核准再保險公司、債務工具發行計劃的主要交易商和銷售團成員、零售債券發行計劃的配售銀行、中期債券發行計劃的計劃安排行和交易商及Bauhinia按揭證券化計劃的計劃安排行和交易商名單
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財務摘要

	二零一零年 千港元	二零零九年 千港元	二零零八年 千港元
本年度			
淨利息收入	970,581	1,037,707	709,850
股東應佔溢利	1,233,532	1,006,469	604,994
購買貸款	4,748,181	8,768,789	26,037,165
已發行債券	8,279,703	22,688,680	24,405,704
按揭保險 — 已收取淨保費	791,357	784,650	358,579
於年終			
貸款組合淨額	35,258,937	43,788,716	50,760,112
總資產	55,032,978	59,750,624	65,628,334
已發行債券	39,127,735	44,495,073	42,814,988
已發行按揭證券	1,529,749	2,020,394	3,225,624
按揭保險 — 承擔風險 ¹	15,234,179	11,592,494	5,713,065
其他數據			
淨息差	1.8%	1.7%	1.3%
資本對資產比率	10.8%	9.5%	8.7%
成本對收入比率	11.0%	12.4%	17.5%
資產回報率	2.2%	1.6%	1.1%
股東資金回報率	17.5%	16.2%	10.5%

¹ 承擔風險已撇除已作出再保險安排的風險。

提升銀行業的 穩定性



主席報告

儘管經濟環境充滿挑戰，本公司仍然進一步拓展業務範疇，加強發揮具策略性政策的角色：



- 促進銀行和金融穩定；
- 協助市民置業安居；及
- 推動本地債券市場發展。

本公司負責為銀行向中小企提供的貸款作出信貸擔保，藉此協助銀行管理風險，促進業界的穩定性。本公司亦已開始為在香港推行安老按揭作準備，作為協助市民置業安居的其中一項措施。

促進銀行及金融穩定

由於資金充裕，利率亦處於歷史性低位，銀行普遍毋需為了增加流動資金而出售資產。然而，本公司仍然在二零一零年購入總值47億

港元的本地資產。全球金融海嘯爆發後，環球金融業的規管體系亦已迅速改變，而銀行業改革措施，例如「巴塞爾協議 III」，亦將要求銀行更加嚴格管理其資本及資產負債賬目。因此，本公司會繼續堅守其重要角色，以協助滿足銀行對流動資金的需求及審慎管理資產負債表。

此外，本公司於二零一一年一月一日推出以市場為主導的中小企融資擔保計劃，以提供一個具持續性的平台，協助本港中、小型企業向銀行取得貸款。在此計劃下，本公司為合資格的企業的部份銀行貸款提供信貸擔保。此計劃有助銀行更有效地管理信貸風險，從而提升銀行體系的穩定性。

協助市民置業安居

本公司的按揭保險計劃，繼續協助市民在香港置業安居。二零一零年，物業市場蓬勃，按揭保險計劃貸款額創下410億港元的新高，使用率為13%（以按揭保險計劃下，新取用貸款所佔整體市場新取用按揭貸款總額的百分比計算）。按揭保險計劃更有助提升二手物業市場的資金流動。於二零一零年，按揭保險計劃貸款的96%源自二手物業市場成交。自一九九九年至今，按揭保險計劃已協助超過85,000戶家庭自置居所；貸款額總值逾1,830億港元。

二零一零年十一月，本公司為了優化按揭保險計劃，引進了「信貸風險評核模型」，以取代早期於二零零六年推出的計劃。該模型採用更穩定和精密的方法，基於置業人士的信貸記錄和還款能力等因素，厘定按揭保險保費。預期更多置業人士可以取得保費折扣優惠。

由於物業市場過於興旺，本公司聯同香港金融管理局於二零一零年八月和十一月修訂了按揭保險計劃，收緊高成數的按揭貸款，避免置業人士申請按揭貸款時過度借貸。

鑑於人口老化，以及透過一項全港性調查時得到目標用戶的正面回應，本公司於二零一零年十二月宣佈，將於二零一一年年中，推行安老按揭試驗計劃。該計劃讓長者可以利用自住物業作為抵押品申請安老按揭，既可繼續於原有物業安居，同時也可得到穩定的現金流以改善生活水平。

推動債券市場發展

於二零一零年，本公司的信貸評級分別獲得標準普爾提升為「AAA」、穆迪提升為「Aa1」。自二零零一年起，本公司一直是港元債券市場最活躍的企業發債體。憑藉優越的信貸地位，本公司致力推動本地債券市場發展，從而滿足本港保險及退休基金對高質素長期債券投資的增長需求。倘若有適當機會，本公司亦會考慮在本港發行以人民幣計價的債券。

新措施

本公司現正就在香港推行一個具持續性的小型貸款計劃，進行需求和營運模式的可行性研究。根據海外經驗，小型貸款確實可以有效地協助小型企業創業和促進就業機會。因此，值得深入探討。

二零一零年表現

本公司於二零一零年取得理想回報。除稅後溢利創出新高，達到12.34億港元，較二零零九年增加23%。股東資金回報率為17.5%。資本對資產比率由二零零九年的9.5%增至10.8%，遠高於5%的最低要求。本公司宣佈派發3.5億港元末期股息。

本公司於二零一零年的強勁表現，主要是由於有利好的利率環境、其一直持守謹慎的業務策略及堅持風險管理，再加上通過審慎的貸款購買準則和嚴格的按揭保險承保要求以保持良好貸款質素。本公司將繼續鞏固其財務狀況，並提升實踐政策目標的能力。

二零一一年展望

二零一一年將會充滿挑戰。美國的量化寬鬆政策增加了亞洲通脹和資產價格泡沫的危機。為減低這些影響，一些經濟體系已採取了緊縮措施。這些情況反映環球經濟與金融系統的嚴重失衡。最近發生的日本地震，令全球經濟復甦過程更趨複雜。因此，二零一一年的經濟展望，仍是不明朗和不穩定的。

因此，本公司將秉持謹慎態度，不斷鞏固在香港的核心業務，務求實踐公司的主要目標。本公司將繼續以審慎商業原則營運，重視風險管理和維持良好公司管治。如此，本公司才可發揮其重要角色，為本地銀行提供流動資金、滿足置業人士對按揭保險的需求及推動本地債券市場發展。

最後，本人謹向本公司董事局同寅、管理層成員及所有員工致意。感謝大家的竭誠服務。期待本公司在二零一一年，再締佳績。



主席

曾俊華

董事局成員



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主席
財政司司長



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安信信貸有限公司
行政總裁



萬志輝先生
董事
(於二零一零年四月二十日退任)



陳清賜先生
董事
(於二零一零年四月二十日退任)
花旗銀行
亞太區資金部總監



鄭蔚彤女士
董事
(於二零一零年四月二十日退任)
香港上海滙豐銀行有限公司
集團總經理
亞太區個人理財業務總監

管理層



◀ (由左至右)

鄭鑒銓先生
陳達強先生
劉怡翔先生，太平紳士
廖志強先生
張秀芬女士

▼ (由左至右)

前排

陳正君女士
黃榮典先生
楊素芬女士
莫愛蘭女士
陳澤強先生

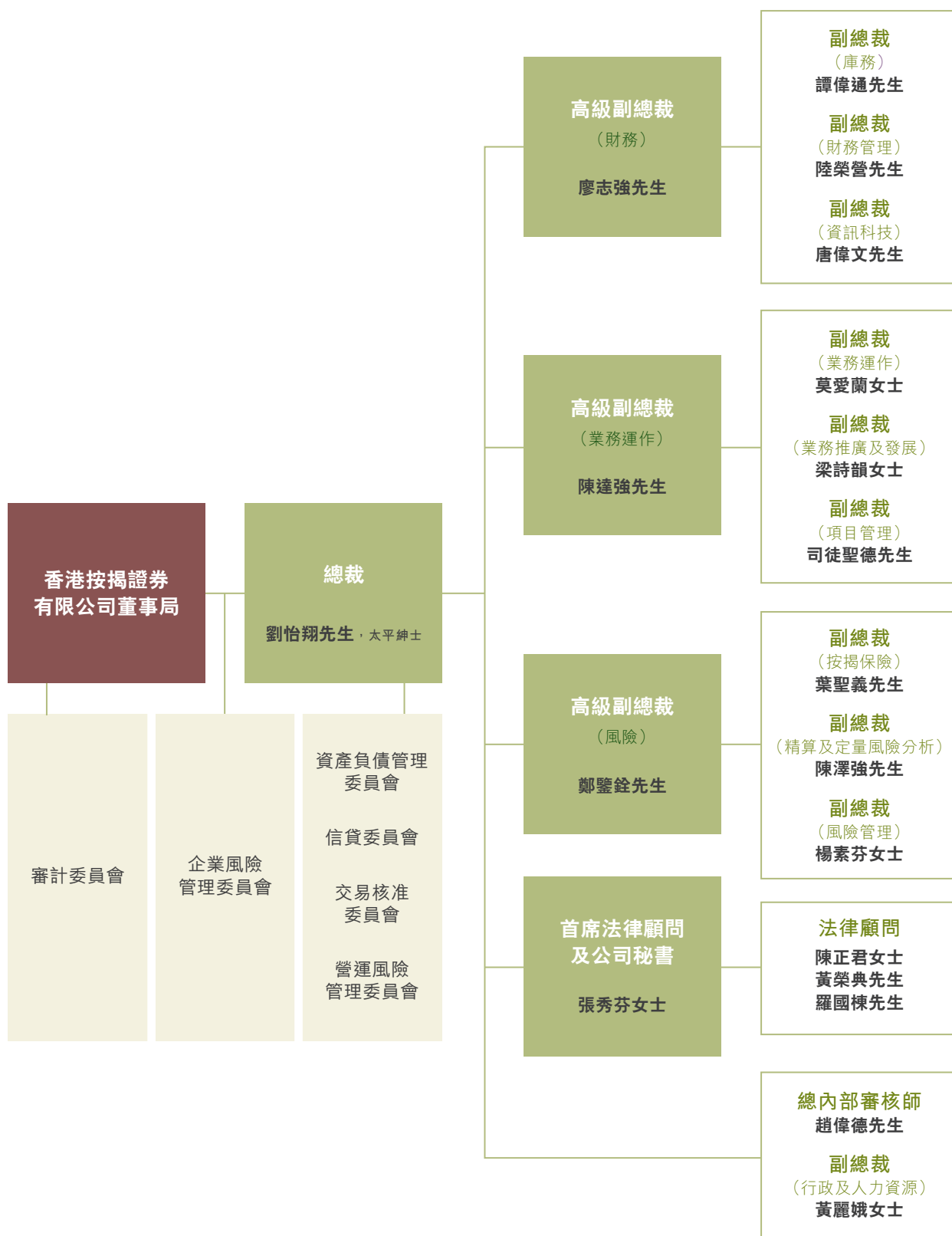
後排

唐偉文先生
陸榮營先生
梁詩韻女士
葉聖義先生
羅國棟先生
黃麗娥女士
譚偉通先生
司徒聖德先生



組織架構

於二零一一年四月一日



增加

透明度



公司管治報告

公司管治常規

本公司致力確保高水平的企業管治，務求提升整體問責性、透明度及長遠的持續營運能力，以達致公司所定下的三項主要目標。本公司所採納的公司管治常規，載於董事局通過的「公司管治守則」（「守則」）內。「守則」以公平、透明、問責及向所有持份人承擔責任為前提。「守則」已向股東及董事發出，並載於本公司的網頁內，供公眾查閱。

本公司於二零一零年內，一直遵守「守則」。一直以來，維持穩健及理性的公司管治架構，以達到有效和審慎的管理是為本公司的首要事情。

本公司於二零一零年所採納的企業管治提升措施

於二零一零年九月，本公司檢討現有的守則條文，加入新的守則條文。從而提升公司的透明度；並對現有條文作出其他修改以反映公司一貫的審慎做法和高水平的公司管治常規。其中主要修訂包括：闡明董事局主席和行政總裁的職責及外部核數師在處理公司相關業務時為確保其獨立性所使用的各種方法。為使內部監控更加穩健，公司將一些可能引致濫權或貪污的主要職責和職能區分。

股東

本公司所有股份，均由香港財政司司長以外匯基金管理人身份實益擁有。因此，本公司按審慎的商業原則營運的同時，董事局也盡力確保公司在符合最高國際標準為良好公司管治常規的原則下取得優良表現。

董事局

董事局負責領導本公司，並且推動公司以負責任及有效益的方法獲取佳績。為履行其策略性領導及對本公司實施有效監控的職責，董事局至少每三個月，召開一次必須由董事親身出席的董事局會議，以檢視本公司的業務策略及政策、預算及規劃、組織及財務表現、風險管理、人力資源，以及社區關係。而在董事局需要就重大事項作出決定的其他情況下，亦會召開董事局會議。為確保董事局作出持平的決定，本公司董事包括來自政府及監管機構的官員、政黨、銀行界、保險界、工商業組織、會計界、法律界，以及消費者委員會的代表。於二零一零年，董事局共舉行了五次會議。

倘若有董事於任何董事局正在考慮的交易中，擁有直接或間接權益的情況，該董事須於董事局會議上申報，並適時地避席有關討論。於每個財務報告期間，本公司均要求董事確認其在本公司或其附屬公司的交易中所擁有的重大權益。於本年度任何期間或年終，本公司或其任何附屬公司，均無就公司業務簽訂與任何董事有直接或間接重大利益之重要合約。與有關人士訂立的重大交易，均已披露於二零一零年十二月三十一日止的年度財務報表附註32內。

於二零一零年十二月三十一日，董事局由十八名董事組成。全部董事均由財政司司長以公司股東身份委任。有關董事的資料載於年報中董事局報告書內。所有董事（四名執行董事除外）均為非執行董事，獨立於公司管理層。最新董事名單刊載於本公司網站(www.hkmc.com.hk)。儘管非執行董事毋須積極參與本公司的日常管理，其在董事局審議的事項上依然扮演重要角色，提出獨立的判斷及提供廣博的專業知識，有效推動管理層執行公司政策。本公司並無向董事支付酬金。

對於每位新委任的董事，本公司都會向其提供有關本公司業務、策略及目標的簡介，確保新董事了解本公司的事務。

非執行董事的任期通常為一年，一般於股東週年大會獲得委任。根據本公司的公司組織章程細則，全體非

執行董事須於獲委任後的下一屆股東週年大會退任，惟可參選連任。

本公司已為董事及管理人員在履行職務過程中可能引起的法律訴訟程序及其他追索，作出適當的保險安排。

主席與總裁

於二零一零年度，主席一職由曾俊華先生擔任。總裁的職位由劉怡翔先生擔任。將主席與總裁的職位分開，能夠明確區分董事局職責與公司管理層行政職責。董事局負責制定策略性方向及業務指引，批准財務提案及持續密切監察公司業務的表現。總裁向董事局負責，肩負帶領管理層以適當而有效的方式執行董事局決策的重任。總裁確保有關公司業務的資料充分地定期向董事局匯報。

公司秘書

公司秘書向董事局直接負責，主要職責是確保公司及董事局依循所有公司秘書程序。此外，公司秘書負責確保會議文件於每次董事局會議及公司股東週年大會前，適時向董事全面發送。董事可免費向公司秘書徵詢有關公司管治事宜的意見，公司秘書亦就有關避免利益衝突而作出的適當聲明等事宜向董事提供指引。

二零一零年的董事局會議時間表已提前發送予董事，以便董事安排出席會議。董事局會議文件一般會在每



審計委員會會議

次董事局會議舉行前至少七天發送予各董事，讓各董事在會議舉行前有充足時間閱覽有關資料。董事局會議文件內容，一般包括有關議程的詳盡背景及／或說明資料，並且包括支持文件、分析、研究結果、計劃書、預算及預測等（如適用）。然而，如個別董事在董事局會議文件內某些議題出現利益衝突情況，則有關董事不會獲發有關議題的會議文件。

所有董事局會議一般都有詳細會議紀錄，包括會議所討論的事項、所達成的決定、董事所提出的問題及所發表的反對意見。董事局會議紀錄及審計委員會會議紀錄均由公司秘書保管，可供董事查閱。然而，倘若有董事被視為與議程項目有利益衝突，該名董事則不得檢閱有關董事局會議文件及董事局會議紀錄。

審計委員會

於年內審計委員會成員包括：

- 李國寶博士：主席兼非執行董事
- 彭醒棠先生：執行董事

- 余偉文先生：執行董事
- 方正先生：非執行董事
- 梁君彥先生：非執行董事
- 石禮謙先生：非執行董事

審計委員會負責審閱本公司的財務報表、該報表的編製及所採納的會計準則、財務審計的結果以及本公司的管理程序，確保內部監控充足及有效。審計委員會的職權範圍，載於本公司的網頁。審計委員會定期與管理層、總內部審核師及外部核數師舉行會議，並在需要審理重大監控或財務事項時召開特別會議。審計委員會亦會因應須其考慮的特別事項召開臨時會議。審計委員會主席概述審計委員會曾進行的檢討，並於報告內摘錄重點提交董事局供董事審閱。於二零一零年，審計委員會共舉行了二次會議。

內部審核師

本公司設有內部審核部，其運作獨立於管理層，在監察公司的內部監控上扮演重要角色。總內部審核師負

責領導該部門，直接向審計委員會主席匯報有關內部監控的一切事宜，亦同時向總裁匯報內部審核部的日常行政職責。總內部審核師可在毋須知會管理層的情況下，隨時與審計委員會主席溝通。

於每個年度，審計委員會均會正式審批總內部審核師根據其獨立風險評估及於定期舉行的營運風險管理委員會會議獲悉的其他風險管理問題而編製的年度內部審核計劃。內部審核部根據該年度審核計劃，採用以風險為基礎的審計方法，定期獨立審核內部監控制度。每次審核後，內部審核部會與相關部門主管及高級管理人員討論審核結果，並提出建議。定期的內部審核報告首先會呈交由一名執行董事擔任主席的內部審計委員會。內部審計委員會的成員包括兩名執行董事、總裁、高級副總裁、首席法律顧問及總內部審核師。其後，內部審計委員會編製的內部審核報告及會議紀錄會呈交審計委員會，作進一步審閱，再轉交董事局參考。

一直以來，管理層積極考慮總內部審核師所提出的建議，並密切跟進有關建議的落實。於二零一零年，內部審核部進行了16次審閱和1個顧問項目。

外部核數師

本公司的外部核數師是羅兵咸永道會計師事務所。核數師酬金的詳細資料於本公司的財務報表內披露。外部核數師可隨時與總內部審核師及審計委員會溝通。

為確保外部核數師的獨立性，外部核數師須根據香港會計師公會的专业會計師操守準則第290章，每年致函審計委員會，確認本身的獨立身份。為了審核截至二零一零年十二月三十一日的財務報表，羅兵咸永道會計師事務所已向審計委員會確認其獨立身份。

財務匯報

本公司致力就業績表現、財務狀況和前景作出清晰、持平和全面的評估，並向持份者及公眾人士披露。董事負責編製財務報表，而核數師亦會在財務報表核數師報告就其呈報責任發表聲明。董事確保所編製的財務報表真實公平和合理地反映公司的財政狀況。本公司的全年和中期業績，是在相關時期結束後，適時公佈。

內部監控

董事局對公司內部監控制度承擔整體責任，並透過審計委員會對該等制度的成效及效率作出定期檢討。

為確保營運效率及審慎的風險管理，董事局成立若干委員會，包括企業風險管理委員會，由一名執行董事擔任主席，負責從企業角度監督公司整體的財務及非財務風險；而營運風險管理委員會、信貸委員會、交易核准委員會及資產負債管理委員會都是行政委員會，均由總裁擔任主席。該四個行政委員會及公司風險管理架構的詳情載於業務回顧一節。內部監控制

度旨在提供合理的保障，以防止重大的失實陳述或損失、管理在運作系統失效以及未能達致業務目標時可能出現的風險、防止未經授權使用資產，確保供內部使用及刊發用途的會計記錄的正確及遵從有關法律與法規。

於二零一一年二月，總內部審核師對各部門就二零一零年遵從「守則」情況所提交的自我評估報表格進行適當的獨立審核。根據本公司內部監控制度的審計結果及自我評估報表格，總內部審核師認為於二零一零年並無出現重大違章。

行為守則

本公司要求員工遵守最高的誠信及行為標準。這方面的規定及有關的法律責任已明確載於員工手冊內的行為守則（「行為守則」）。「行為守則」亦提醒員工須特別注意員工與公司之間可能產生的潛在利益衝突條文，同時載示其他相關條文，以確保員工能夠妥善地、合乎道德地、無私地，並在沒有受到任何不良影響的情況下執行工作。

「行為守則」載於本公司的內部網頁，供所有員工隨時參考查閱。

員工每年均須以書面確認已遵守「行為守則」。根據已收到的員工確認書，管理層認為員工於二零一零年內均遵守「行為守則」。

交流

本公司非常重視公司與公眾的溝通。本公司的年報載列公司的業務策略及發展等全面資料。本公司的網站（www.hkmc.com.hk）適時地登載公司的新聞稿件及其他業務資料。本公司亦設有熱線電話系統，供公眾人士查詢。

結論

董事局對本公司於二零一零年內的公司管治運作表示滿意。二零一一年，本公司將繼續檢討公司管治架構，按實際經驗、監管制度的變化、國際市場動向及發展需要作出改善，務使本公司的管理更加有效率和效益，從而達致業務目標。

大事紀要

四月

20

發佈二零零九年財務業績
與業務報告



九月

16

發佈二零一零年
中期財務業績



十一月

09

於按揭保險計劃引進信貸
風險評核模型

五月

28

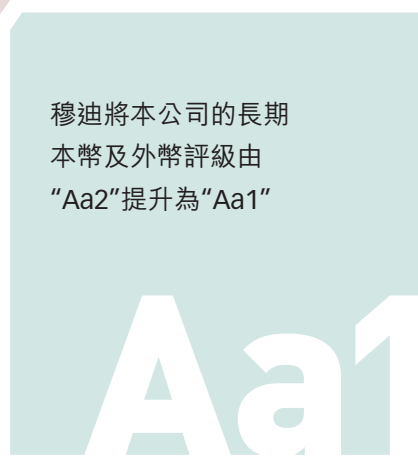
刊發二零零九年年報



十一月

11

穆迪將本公司的長期
本幣及外幣評級由
“Aa2”提升為“Aa1”



九月

13

推出補價貸款擔保計劃

十一月

15

宣佈於二零一一年一月一日
推出中小企融資擔保計劃

十二月

13

- ▶ 中小企融資擔保計劃簽約儀式



- ▶ 按揭保險計劃有獎問答遊戲頒獎禮



十二月

16

- ▶ 宣佈於二零一一年推出安老按揭試驗計劃
- ▶ 標準普爾將本公司的長期本幣及外幣評級，由“AA+”提升至“AAA”

AAA

多元化 的業務



業務回顧

業績摘要

本公司於本年度的主要業績包括：

- 購入合共47億港元資產，全部都是於香港購買的住宅按揭貸款。
- 為新批按揭貸款提供按揭保險，總額達到410億港元新高。使用率（以按揭保險計劃下新取用貸款所佔整體市場新取用按揭貸款的百分比計算）為13%。
- 就二零一一年一月一日推出的「中小企融資擔保計劃」，完成可行性研究、持份者諮詢工作及其他籌組工作。
- 按照成本效益原則，發行83億港元債券，使公司連續第十年在港元債券市場保持最活躍企業發債體的地位。
- 維持優良的資產質素。二零一零年十二月三十一日計，住宅按揭保險組合的拖欠率（脫期90日以上）為0.003%；香港住宅按揭組合的拖欠率為0.05%（業內平均數為0.01%）；以所有資產類別合計的拖欠率則為0.03%。
- 公司的長期外幣和本幣信貸評級，分別獲得標準普爾及穆迪投資者服務公司（「穆迪」），調升至AAA及Aa1。

本公司於二零一零年取得穩固的財務業績：

- 除稅後溢利達12.34億港元，較二零零九年上升22.7%至2.28億港元。
- 在有利的利率環境下，淨息差增至1.8%的水平，較二零零九年的1.7%為高。
- 資產回報率為2.2%，較二零零九年上升0.6個百分點。

- 股東資金回報率為17.5%，較二零零九年增加1.3個百分點。
- 資本對資產比率保持於10.8%的穩健水平，遠超出5%的最低要求。
- 成本對收入比率為11.0%，遠低於銀行業界的平均49.8%的水平。

營運摘要

整體業務策略

本公司致力實踐其三個核心使命：維持銀行體系穩定、促進置業安居及發展香港債券市場。在二零一零年，本公司通過推出「補償貸款擔保計劃」、「中小企融資擔保計劃」及建議中的「安老按揭試驗計劃」，進一步加強公司的策略性角色，同時實行業務多元化策略。

按揭保險

鑒於物業市場氣氛熾熱，本公司於二零一零年八月和十一月採取措施，收緊按揭保險計劃的若干合資格準則，以減低借款人過度借貸的風險。

本公司於二零一零年十一月，推出「信貸風險評核模型」，藉此提升按揭保險計劃，讓更多置業者可以獲得保費折扣優惠。

根據按揭保險計劃而提供的按揭貸款，於二零一零年達到410億港元的新高。反映對協助置業的按揭保險計劃的需求上升。

本公司就按揭保險計劃，推出了一系列的宣傳活動，增加公眾對計劃及有關產品的認識。同時，本公司繼續為參與計劃的銀行前線人員和地產代理提供培訓研討會，藉此加強本公司與銀行業和中介行業的聯繫和整體合作，向公眾推廣按揭保險。

透過自動化和互聯網，本公司維持高效率的按揭保險申請批核程序。

中小企融資擔保計劃

隨着香港特區政府經工業貿易署為中型及小型企業（「中小企」）提供的特別信貸保證計劃於二零一一年一月一日停止接受申請後，許多社會人士和持份者都支持發展一個以市場為主導、具持續性的平台，為中小企借貸提供貸款擔保。而銀行和中小企亦相信，以香港按揭證券有限公司的財力及過去在經營貸款擔保及保險業務的紀錄，將會適合提供上述以市場為主導、具持續性的中小企融資擔保計劃。這個計劃亦將協助銀行更有效地管理信貸風險，從而為中小企提供更穩定的資金。

本公司隨即深入研究這個以市場為主導的持續性中小企融資擔保計劃，並且在市場進行廣泛諮詢。

本公司於二零一零年十一月得到董事局批准後，正式獲得授權，以審慎商業原則，在二零一一年一月一日起推出中小企融資擔保計劃。

融資

- 以審慎及具成本效益的方式發行合共83億港元而年期最長為15年的公司債券，所得資金用於購買按揭資產及贖回到期債券。
- 本公司於本地機構投資者市場發行78億港元債券，連續第十年在港元債券市場，保持最活躍的公司發債體地位。

市況概覽

基本經濟狀況

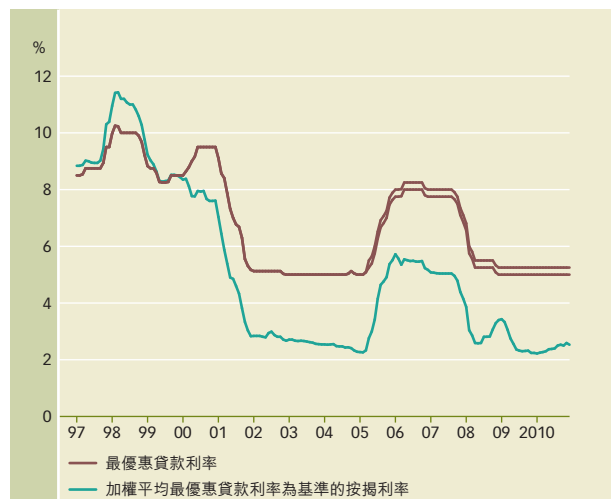
在強大內部消費及出口持續增長的情況下，香港經濟在二零一零年繼續強勁反彈。美國新一輪的量化寬鬆措施，延續了低息環境及刺激消費；而消費亦由於本地樓市和股市暢旺所製造的財富效應而加速。另外，中央政府一些有利於香港的政策，例如發展香港成為

人民幣離岸中心、擴大容許非深圳居民到香港的自由行計劃，亦有助推動香港的整體經濟表現。而美國和歐洲經濟復甦，亦增加了經濟增長的動力。因此，二零一零年實際本地生產總值有6.8%的正增長，較二零零九年的2.7%負增長有明顯對比。同時，隨着外圍市場情緒樂觀，本地的就業市場亦得到全面改善。失業率隨經濟強勁復甦由一月份的4.9%下跌至十二月份的4%，差不多接近兩年以來的新低。

利率環境

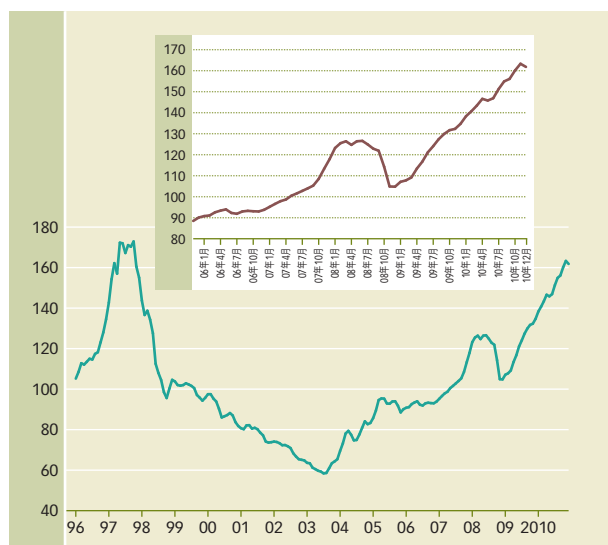
二零一零年，除了美國的量化寬鬆政策，亦有大量資金流入新興市場，形成香港銀行業資金充裕，息口回落至極低水平。香港銀行同業拆息一個月利率，在全年大部份時間都維持在0.2%以下；不過，最優惠貸款利率保持穩定，全年維持於5%至5.25%之間。隨着經濟復甦及按揭貸款業務競爭加劇，銀行紛紛以更優惠的按揭條件爭取市場佔有率。以香港銀行同業拆息釐定的按揭利率於年底時，低至香港銀行同業拆息+0.7%。而以最優惠貸款利率釐定的按揭利率，則為最優惠貸款利率-3%（圖1）。

圖1
最優惠貸款利率及按揭利率



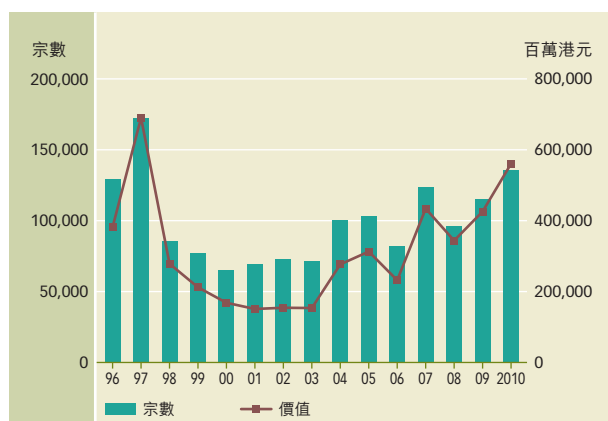
資料來源：香港金融管理局

圖2
私人住宅售價指數 (1999=100)



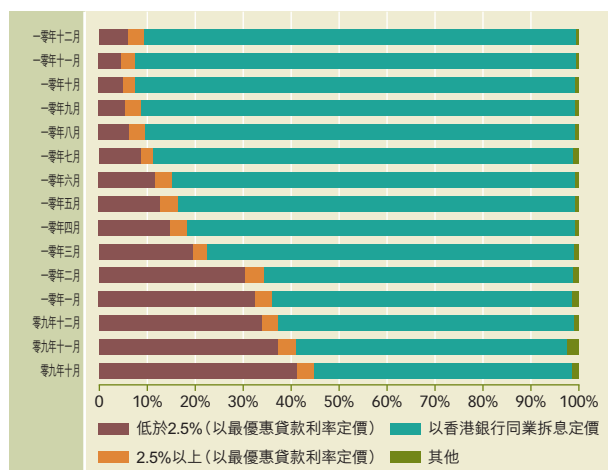
資料來源：差餉物業估價署

圖3
住宅樓宇買賣合約



資料來源：土地註冊處

圖4
新批住宅按揭貸款定價



資料來源：香港金融管理局

物業市場

由於環球資金充裕和長期利率偏低，香港住宅物業市場於二零一零年相當活躍，價格及成交量同時大幅上升。為了保持物業市場的健康和穩定發展，政府採取了連串措施阻止投機活動，避免出現物業泡沫情況。二零一零年十二月的整體住宅物業價格¹，較去年同期上升21% (圖2)。可售面積40平方米以下的小型單位，在住宅市場的價格升幅最為顯著，二零一零年十二月按年計算增加了24%。可售面積160平方米以上的大型單位的升幅則為16%。由於市場情緒樂觀，住宅物業成交量自二零一零年首季起與價格同步齊升。住宅物業總成交量及價格²按年計算分別大幅上升18%及32%，達到約136,000宗及5,610億港元 (圖3)。尤其值得注意的是，在二零一零年，私人住宅物業落成量上升了87%，合共有13,410個單位，而入住量則下跌了28%，只有8,030個單位。因此，二零一零年底的空置率由去年同期的4.3%微升至4.7%。

按揭市場

由於大量資金流入香港，加上物業市場價量齊升，因此銀行都以削減按揭利率的進取手法，爭取更多營業額。由於以香港銀行同業拆息為基礎作定價的按揭貸款利率較以最優惠貸款利率為基礎作定價的為低，所以，以香港銀行同業拆息為基礎作定價的按揭貸款較受物業買家歡迎。以香港銀行同業拆息為基礎定價的新批按揭貸款³比例，由二零一零年年初的約63%，破紀錄增至二零一零年十二月底的90% (圖4)。

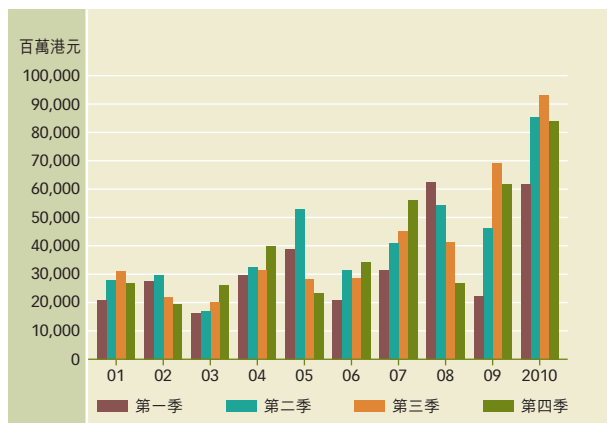
由於樓價上升，住宅物業按揭市場風險隨之增加。因此，金管局在二零一零年八月和十一月分別推行了有關住宅物業按揭貸款的審慎措施。為了確保香港的銀行採納必須的風險管理標準和守則，有關措施包括要求訂定更嚴謹的供款與入息比率上限，以及借貸人通過更嚴格的還款能力壓力測試。此外，按揭成數亦作出下調，所有非自住的住宅物業及1,200萬港元或以上的住宅物業，按揭成數都不可以超過百分之五十。

1 資料來源：差餉物業估價署編制的私人住宅售價指數

2 資料來源：土地註冊處

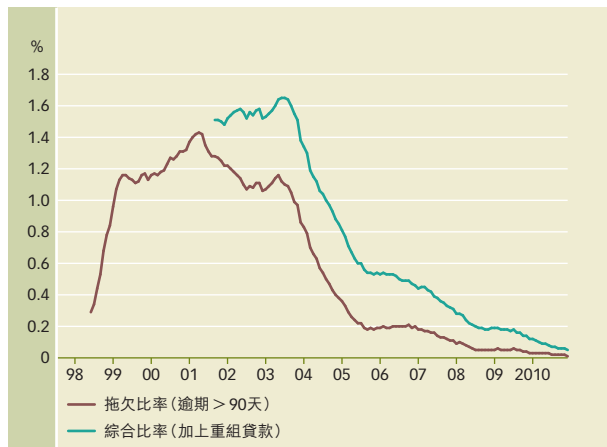
3 資料來源：香港金融管理局之每月住宅按揭調查結果 (「香港金融管理局調查結果」)

圖5
新增住宅按揭貸款



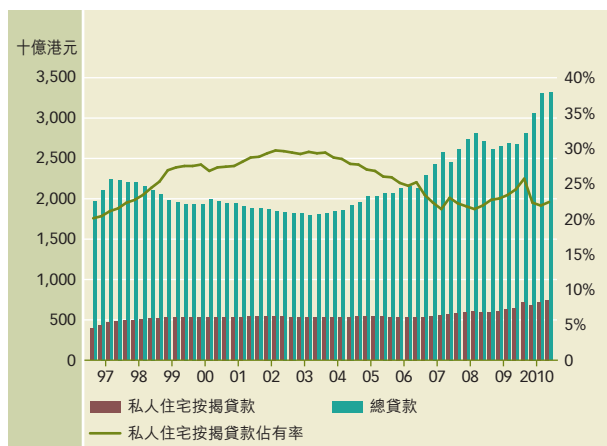
資料來源：香港金融管理局

圖6
住宅按揭貸款拖欠率



資料來源：香港金融管理局

圖7
認可機構貸款總額及私人住宅按揭貸款總額



資料來源：香港金融管理局

由於物業市場活躍，二零一零年新增按揭貸款宗數亦有明顯增長。按年計算，新增住宅按揭貸款⁴的總值增幅有63% (圖5)。二零一零年底未償還住宅按揭貸款總值，亦主要由於物業市場持續向好而上升14%，至7,960億港元。

由於物業市場蓬勃，勞工市場有所改善及金管局有效的銀行業務監管措施，二零一零年的住宅物業按揭貸款資產質素仍然良好，箇中原因相信亦與業界採取審慎的借貸準則有關。二零一零年初，逾期90日以上的按揭貸款拖欠比率⁵是0.03%，年底下降至紀錄新低的0.01%，而計入拖欠及重組貸款的綜合比率亦由同期的0.12%下降至0.05% (圖6)。

銀行業

由於物業市場回復暢旺，私人住宅物業按揭貸款總額由二零零九年底的6,470億港元，上升至二零一零年底的7,450億港元，佔香港市場總貸款金額約四分之一 (圖7)。加上建造業、物業發展及投資的貸款一併計算，房地產相關貸款的金額達15,890億港元，約佔銀行貸款總額的一半。由於許多貸款涉及房地產，即使香港銀行普遍擁有雄厚資本，一旦物業市場大幅下滑亦難免會對銀行體系的整體穩定帶來負面影響。自一九九九年，房地產相關貸款所佔比例一直保持平穩。

購買資產

本公司於二零一零年購入合共47億港元的本地按揭資產。儘管銀行業界資金充裕，為了有更好的風險與資產管理，或鞏固企業策略，部份銀行仍然願意出售資產。本公司將繼續提供資金，發揮穩定香港銀行與金融體系的角色。這個角色在危機時期尤為重要。

按揭保險

多年以來，按揭保險計劃一直證明行之有效，確實可以協助減輕有意置業人士購置居所的首期負擔。從整體銀行業角度來看，計劃既容許銀行借出更高按揭成

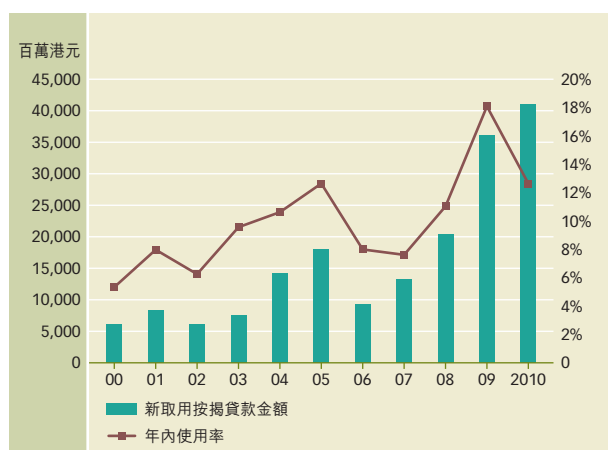
⁴ 資料來源：香港金融管理局調查結果

⁵ 資料來源：香港金融管理局調查結果

數的貸款，又同時不會增加銀行的信貸風險或影響銀行體系的穩定性。總括來說，計劃為置業人士及銀行帶來雙贏局面。

按揭保險計劃自一九九九年三月推出以來，逐漸為廣大市民所接受，並在香港推動置業安居方面扮演重要角色。二零一零年，全年新取用的按揭貸款是歷年新高，總額達410億港元。按揭保險市場使用率（以按揭保險計劃下，新取用貸款所佔整體市場新取用按揭貸款的百分比計算），則有13%（圖8）。值得注意的是，大約96%的按揭保險計劃的申請個案都是涉及二手物業市場，顯示按揭保險對於在二手市場置業的人士相當重要。

圖8
按揭保險計劃下新取用按揭貸款金額及使用率*



資料來源：香港金融管理局及香港按揭證券有限公司

使用率 = $\frac{\text{於按揭保險計劃下新取用按揭貸款金額}}{\text{市場內新取用按揭貸款總金額}}$
(根據香港金融管理局之每月住宅按揭調查結果)

自一九九九年以來，按揭保險計劃已協助超過85,000個家庭置業，取用貸款總額達1,830億港元。

優化按揭保險計劃

鑒於物業市場氣氛熾熱，本公司於二零一零年八月和十一月，採取措施收緊按揭保險計劃的若干合資格準則，從而減低因借款人過度借貸而引致的風險。本公司暫停為按揭成數超過95%的貸款提供按揭保險，並且將按揭成數90%或以下的貸款上限，由1,200萬港元減至612萬港元。（註：物業價值以680萬港元為上限。）

本公司於二零一零年十一月引進了「信貸風險評核模型」，優化現時的按揭保險計劃。「信貸風險評核模型」取代自二零零六年開始應用的「度身訂造保費優惠計劃」和「長期客戶保費優惠計劃」。此模型可以更穩妥和精確地以風險作為定價基礎，評核住宅買家的信貸記錄和還款能力，然後決定每一個按揭保險計劃下的申請所適用的保費折扣水平。儘管在此新安排下保費折扣率最高仍是五成（等同「度身訂造保費優惠計劃」及「長期客戶保費優惠計劃」的總和），相信更多置業人士可以取得保費折扣。

培訓及市場推廣

為了提升公眾對按揭保險計劃及其產品的認識，本公司舉辦了一系列的宣傳活動，例如廣告、問答比賽、宣傳單張等。通過這些活動，公眾人士可以更加清楚了解計劃如何幫助他們置業安居。

此外，本公司和參與銀行之間就有關按揭保險計劃的最新發展一直保持密切溝通，並會在推出產品前諮詢銀行的意見。本公司亦主動邀請銀行及其他市場參與者，例如地產代理及中介公司，派員參加本公司舉辦的培訓講座，讓與會人士能夠充份了解按揭保險計劃，並在有需要時向其顧客解釋計劃詳情。二零一零年，合共舉辦了十二場培訓講座。

中小企融資擔保計劃成功推出

中小企是香港經濟和就業市場的重要支柱。本地有大約一半勞動人口，都是受僱於中小企。為了減低二零零八年環球金融風暴對中小企的衝擊，政府在二零零八年十二月，迅速展開一個1,000億港元的特別信貸保證計劃，協助中小企解決銀行貸款問題，並且避免因中小企倒閉潮而引起的失業情況。隨着本地經濟復甦、中小企資金流及財政狀況改善，特別信貸保證計劃已於二零一一年一月一日停止接受申請。

回顧自二零一零年五月起，許多中小企和智庫都認為香港應該有一個以市場為主導、具持續性的平台，在

特別信貸保證計劃停止接受申請以後，為中小企借貸提供擔保。此建議得到社會廣泛認同。中小企和銀行亦相信，以香港按揭證券有限公司的財政實力及在融資擔保和保險業務方面的紀錄，是擔任這個以市場為主導的可持續的融資擔保計劃的最佳選擇。

所以，本公司深入研究有關課題，並且向持份者（包括中小企商會、銀行等）進行廣泛諮詢。最後，董事局於二零一零年十一月十五日，同意於二零一一年一月一日開始，以審慎商業原則，推出中小企融資擔保計劃。此計劃有效地減低銀行向中小企借貸時的風險，因此有助保持銀行業的穩定性，符合香港按揭證券有限公司的核心目標。

本公司在設計此計劃時，曾經參考其他政府的各類型支援計劃，目的是希望此計劃能夠和其他計劃互相補足。由於此計劃給予擔保的產品不同的擔保保障（有百分之五十、六十和七十的擔保），所以方便中小企向銀行籌集營運資金或融資購置與企業有關的設備或資產時，可以有更多有彈性的選擇。

補價貸款擔保計劃

二零一零年九月，本公司推出補價貸款擔保計劃，藉此配合政府活化居者有其屋二手市場的措施。此計劃為居屋業主提供額外資金，讓業主可以更靈活地向香港房屋委員會補償差價。根據計劃，居屋業主可以在得到本公司的擔保後，以分期付款方式，向銀行償還補價貸款。

安老按揭試驗計劃

安老按揭可以幫助香港社會解決因香港人口逐漸老化而帶來的挑戰，尤其是幫助一些資產豐裕但收入微薄的業主。二零一零年第四季，本公司進行了全港性調查，收集長者對安老按揭的意見。調查反應正面。因此，本公司董事局於二零一零年十二月通過安老按揭

試驗計劃。試驗計劃將於二零一一年展開，讓長者利用本身擁有的自住物業作為抵押，借取安老按揭，每月領取年金，同時在本來的住所安享晚年。

境外合資

二零一零年，中央政府增加置業首期付款、利率和存款準備金比率，以遏抑過度熾熱的樓市。這些收緊措施亦為本公司的經營環境帶來挑戰，使得本公司在深圳的合營公司——深圳經緯盈富擔保有限公司經營——之短期過渡按揭擔保業務的發展較為平穩。

Cagamas HKMC Berhad 是本公司與 Cagamas Berhad 成立的合資公司，於二零零八年在馬來西亞註冊成立，為傳統及伊斯蘭按揭貸款組合提供按揭擔保。二零一零年下半年，公司於按揭擔保計劃下，與馬來西亞的國營石油公司達成交易。

資金來源

由於歐洲主權債務導致的危機、以及美國經濟復甦之路仍然漫長，二零一零年的本地和環球資本市場仍然動盪。隨着全球多國政府持續實施的注資行動和經濟刺激政策，特別是美國新一輪的量化寬鬆措施，債務市場於二零一零年下半年逐漸回復正常，信貸差逐漸收緊。雖然市況反覆，本公司堅持審慎的預早融資策略，為購買貸款及再融資安排資金。基於本公司有強大的政府支持、良好的信貸評級及受惠於投資者追求優質投資項目的趨勢，本公司連續第十年蟬聯最活躍的港元企業發債體。二零一零年，本公司合共發行83億港元債券。二零一零年底，本公司未贖回債務總額為391億港元。

本公司致力透過定期發行債券和引入嶄新債券產品，發展本地債券市場。作為香港最活躍的公司發債體之一，本公司會繼續向本地機構及零售市場發行債券，並在海外機構市場開拓資金來源及擴大投資者基礎。

這不僅有助擴大本公司的資金基礎，更能為機構投資者及零售投資者提供高質素的債券工具，滿足其對投資組合多元化及提高收益的需求。

本公司設有三個債務工具發行計劃，在發行債券方面既有效率、亦有實效。由於本公司的信貸評級良好，所發行的債券受到退休基金、保險公司、投資基金、慈善及政府相關基金與零售投資者等各界投資者熱烈歡迎。本公司主動與投資者溝通，定期將最新訊息發放給本地及中國內地、日本及新加坡等區內市場的投資者。

債務工具發行計劃

債務工具發行計劃是本公司港元融資的主要平台。計劃於一九九八年七月設立，發行對象是港元債務市場的機構投資者。計劃設立時的發行額定於200億港元，隨後於二零零三年增加至400億港元。此計劃是一個既靈活亦有效率的平台，為本公司發行債券及可轉讓貸款證，最高年期達15年。除一般債券外，本公司亦發行優質結構性產品以滿足投資者需求。計劃指定合共6家主要交易商及16間銷售團成員，為公开发售及私人配售方式發行的債券提供廣闊分銷渠道。

二零一零年，本公司根據此計劃總共發行26批債券，發行總額達71億港元。本公司亦繼續發行長期債券，例如15年期可贖回零息債券，以滿足香港保險公司及退休基金等投資者對長期債務產品日漸增長的需求。截至二零一零年底，經計劃發行而未到期的債券總金額達267億港元。

零售債券發行計劃

本公司致力發展本地零售債券市場，爭取在已具規模的機構投資者市場之外，擴展投資者基礎。本公司於二零零一年十一月，為香港零售債券市場成功創立新的發行機制。

為進一步促進零售債券市場的重大發展，本公司設立了200億港元零售債券發行計劃，於二零零四年六月發行首批債券，通過配售銀行的分行零售網絡、電話及電子銀行設施，向零售投資者配售本公司發行的債券。為確保該等零售債券的流通，配售銀行向本公司承諾在二手市場開出作實買入價。多年來，本公司零售債券獲廣泛接受，被認為是回報相當吸引及安全簡單的投資選擇，是零售投資者投資香港特別行政區政府全資擁有的公司所發行高質素債券的機會。本公司致力在市況合適時定期發行零售債券，為本港零售投資者提供更多投資工具。

自二零零一年以來，本公司發行的零售債券總額達137億港元。截至二零一零年底，本公司未贖回的零售債券總額為9億港元。

中期債券發行計劃

為了在國際市場籌集資金並且開拓投資者基礎和資金來源，本公司於二零零七年六月設立30億美元的多種貨幣中期債券發行計劃。該項計劃包含多種貨幣，容許本公司發行包括港元、美元、歐元及日圓在內的主要貨幣債券，滿足本地及海外投資者的需求。所有透過中期債券發行計劃以外幣計值發行的債券，均以美元或港元對沖。該項計劃亦兼有靈活的產品特色及發行機制，既可公开发行亦可私人配售，對不同層面及要求的投資者更具吸引力。本公司委任了10間國際及區內主要金融機構組成龐大交易商隊伍，為未來中期債券發行提供支持，亦為二手市場提供流通量。

二零一零年，本公司根據中期債券發行計劃發行3批債券，包括美元及新加坡元債券，合共相等於12億港元等值。於二零一零年底，經中期債券發行計劃發行而未到期的債務為116億港元。

外匯基金提供的備用循環信貸安排

面對亞洲金融危機衝擊，外匯基金於一九九八年一月透過金管局向本公司提供 100 億港元循環信貸安排，使本公司可在異常經濟環境下保持平穩營運，因而可更成功履行穩定香港銀行及金融的任務。雖然本公司會從本地及國際債券市場獲得長期融資作營運用途，該備用循環信貸可作為備用流動資金。由於二零零八年爆發全球金融危機，信貸額於二零零八年十二月增加至 300 億港元，顯示香港特區政府重視本公司及對本公司的進一步支持。

本公司曾於一九九八年和二零零八年在資本市場異常的情況下，運用備用循環信貸，作為自本地銀行購入香港住宅按揭資產的部份資金。本公司兩度都是在市場回復穩定後，運用以低成本發債所得的資金，全數償還循環信貸安排的貸款。於二零一零年底，本公司沒有在循環信貸安排下作出任何借貸。

信貸評級

穆迪及標準普爾給予本公司與特區政府看齊的高信貸評級，增強了本公司所發行的債券對投資者的吸引力。

本公司的信貸評級

	穆迪		標準普爾	
	短期	長期	短期	長期
本地貨幣 (展望)	A-1+	AAA(正面)	P-1	Aa1(穩定)
外幣(展望)	A-1+	AAA(正面)	P-1	Aa1(穩定)

二零一零年十一月十一日，穆迪在上調對香港特區政府的評級的同時，將本公司的長期本幣及外幣評級由“Aa2”提升至“Aa1”，前景評為正面。

二零一零年十二月十六日，標準普爾亦隨着對香港特區政府的評級提升，將本公司的長期本幣及外幣評級由“AA+”提升至“AAA”，前景穩定。

兩家信貸評級機構對本公司的信貸地位給予高度評價。以下評論摘錄自穆迪及標準普爾於二零一零年五月進行評審後所編製的信貸評級報告：

標準普爾

「香港按揭證券有限公司的評級，與其全資擁有人的香港特別行政區政府看齊。我們認為當該公司遇到財政壓力，香港政府會及時向該公司提供足夠的強大支持。這個觀點源於該公司的政策角色和該公司與香港政府的整體連繫。」

「基於獨立衡量，評級反映香港按揭證券有限公司審慎的信貸風險管理、充足的流動資金及穩固的資本基礎。」

「香港按揭證券有限公司一直全面採取審慎的風險管理，視信貸風險是其主要面對的風險，實施嚴謹的政策，簡單而有效的業務模式和管理架構，同時運用各種對沖工具廣泛地減低其他風險。」

「香港按揭證券有限公司的流動資金狀況強健…公司流動資產維持在合理高水平，包括有價債券、現金和銀行存款，具備大量流動資金。」

穆迪

「鑑於香港按揭證券有限公司作為按揭產品提供者，以及土地及物業在香港經濟的重要性，該公司與香港特別行政區政府之間有強大的內在經濟聯繫。」

「(政府) 高度的支持，反映出香港按揭證券有限公司作為一間由政府全資擁有的公司所肩負的重要功能，包括透過銀行及房屋機構為按揭和物業市場提供流動資金，以提升金融和銀行業的穩定，促進更多人士置業，及帶領香港債券市場的發展。」

「香港按揭證券有限公司的資產負債管理經營在本地市場的局限下(以可運用的金融工具及長期資金衡量) 仍然發展良好，其評估及管理風險的能力，使風

險水平較本身訂定的風險指引水平為低，個別更比若干較大型的國際同業優勝。」

「多年以來，由於其債券獲得特別豁免或優待，加上基礎穩健，即使銀行體系的流動資金在未可預見的情況下減少，香港按揭證券有限公司仍能維持融資方面的雄厚實力。」

按揭證券化

本公司在香港債務市場設立了首兩個按揭證券化計劃，分別為有擔保按揭通遞證券化計劃及 Bauhinia 按揭證券化計劃。在發行按揭證券方面，既有效率、亦有實效。

按揭證券是一種強力的金融工具，可以運用債券市場的長期資金，應付按揭貸款對長期融資的需求。銀行及金融機構亦可利用按揭證券，管理按揭貸款因信貸、流動資金、利率及資產負債滿期錯配而引起的風險。交易活躍及流通量高的按揭證券市場，有助促進發展具效率的二手按揭市場及進一步鞏固香港國際金融中心地位。

由於全球金融危機爆發後投資者需求有所下降且市況欠佳，本公司於二零一零年並無發行任何按揭證券。

有擔保按揭通遞證券化計劃

本公司於一九九九年十月推出首個按揭證券化計劃，服務對象是有意減持按揭貸款、而同時希望享受投資本公司所擔保的按揭證券所帶來的好處的銀行。

計劃採用「背對背」式的結構，本公司從銀行購入按揭貸款，然後將按揭貸款直接出售予一家不受破產影響的特設公司。該特設公司則向銀行（作為證券投資者）發行按揭證券。經過這樣的「背對背」安排，銀行可將流通性低的按揭貸款轉變為高流通性的按揭證券。此外，就資本充足比率規定而言，根據《銀行業（資本）規則》，本公司擔保的按揭證券只計算 20% 的資產加權風險，而按揭貸款則為 35% 至 100% 不等，

因此有關銀行可更有效地運用資本。自該計劃成立以來，本公司根據該計劃，已發行四個系列的按揭證券，總金額達 28 億港元。

Bauhinia 按揭證券化計劃

本公司於二零零一年十二月設立的 Bauhinia 按揭證券化計劃，是一項 30 億美元多貨幣按揭證券化計劃，提供既方便又靈活兼具成本效益的平台，讓本公司可以多元化的產品結構、加強信貸及分銷方法發行按揭證券。根據由 Bauhinia 按揭證券化計劃發行的按揭證券，具有歐洲式債券的交易及結算特色，在二手市場買賣更為方便及更有效率。

自 Bauhinia 按揭證券化計劃設立以來，本公司共安排五次公開發行及一次私人配售，成功將 104 億港元的按揭貸款證券化。Bauhinia 按揭證券化計劃的首批按揭證券發行金額為 20 億港元，於二零零二年三月完成。第二次發行於二零零三年十一月完成，金額高達 30 億港元，創下香港有史以來以港幣計價的最大宗住宅按揭證券交易。第三次向公眾發行的按揭證券，金額為 20 億港元，分為兩部分。一部分售予機構投資者，另一部分售予零售投資者，於二零零四年十一月完成。這是亞洲首批可讓零售投資者投資的按揭證券。第四批證券的發行金額為 10 億港元，於二零零五年十一月完成。第五次公開發行的金額為 20 億港元，分為三批「Aaa/AAA」評級的優先組別及一批「Aaa/AA」評級的次優先組別，發行於二零零六年十一月完成。這是首批根據 Bauhinia 計劃發行的非全額擔保按揭證券。

風險管理

本公司基於審慎的商業原則經營，一切以「審慎為先、利潤為後」原則，作為整體風險管理架構與日常經營業務的方針。多年來，本公司不斷優化本已相當完善、穩健及行之有效的風險管理制度，務求配合市場變化及反映業務策略。

風險部門的重組

二零零九年，風險監督及管理部門成立，目的是透過加強風險監督及管理，優化企業風險管治。二零一零年，部門重新定位，務求在監督和執行方面取得更好的平衡。所以，部門重新定名為風險部門，目的是提升本公司的風險管理能力和企業執行能力。部門包括三項功能：按揭保險、精算及定量風險分析、風險管理。

企業風險管理委員會

董事局擁有本公司最高決策權力，亦對風險管理負上最終責任。董事局在企業風險管理委員會的協助下，負責制定風險管理策略，並且確保本公司有一個有效的風險管理制度去執行該等策略。

企業風險管理委員會監察各類型風險、檢討和批核主要風險的相關政策，監察執行情況，並且督導有關管治、政策及措施的優化工作。委員會亦會要求個別部門優先處理風險制度優化工作。委員會由一位執行董事擔任主席，成員包括另一位執行董事、總裁、高級副總裁（業務運作）、高級副總裁（財務）、首席法律顧問及高級副總裁（風險）。

本公司面對五大類型風險，包括信貸風險、市場風險、營運風險、法律風險及槓杆風險。

(a) 信貸風險

信貸風險是本公司承擔的最主要風險，源於借款人或交易對手因拖欠貸款，可能使本公司承擔的潛在虧損。

(i) 拖欠風險

為有效控制拖欠風險，本公司四管齊下，維持資產及按揭保險計劃資產組合的質素：

- 仔細挑選核准賣方／管理供款機構／再保險公司
- 審慎的資產購買準則及保險資格標準

- 有效的詳細審查程序
- 充份保障高風險按揭或交易

若按揭購入計劃拖欠貸款的收回金額不足，可以引致虧損。為減輕拖欠風險，本公司採用一套審慎的貸款購買標準，並進行必要及有效的詳細審查，以維持所購入貸款的信貨質素。此外，本公司會視乎個別相關貸款組合的預計風險，按每宗貸款與賣方訂立加強信貸安排（例如用以承擔信貸損失之儲備基金），以降低因借款方拖欠而可能引致的信貸虧損。

同樣，按揭保險計劃保險所承保的拖欠貸款亦可能會帶來虧損。各按揭保險計劃的申請，由本公司根據一套審慎的資格標準承保，而參與銀行的每項申索會由本公司審核，確保符合所有按揭保險計劃承保條件及偵測任何欺詐的元素，大幅降低按揭保險計劃貸款的拖欠風險。為避免拖欠風險過於集中，本公司以再保險分攤風險，安排將部分風險轉移至核准再保險公司。

(ii) 賣方／管理供款機構交易對手風險

所收購組合的賣方／管理供款機構倘若未能及時準確地匯寄定期款項予本公司，可能產生交易對手風險。本公司採用交易對手風險限額機制，規定本公司可從核准賣方購入的資產總限額，亦設置了本公司從個別交易對手購入的資產額上限。限額機制是按各賣方／管理供款機構風險狀況，管理交易對手風險的上佳方法，可避免集中僅從少數賣方購買資產。

(iii) 再保險公司交易對手風險

再保險公司交易對手風險即核准再保險公司無法向本公司支付索償款項。本公司已設立機制，評估按揭再保險公司的財務實力、信貸評級及經營按揭保險行業的經驗，以降低交易對手風險。

(iv) 庫務交易對手風險

庫務工具的庫務交易對手拖欠或無法支付款項時，可能會導致虧損。本公司採用審慎的庫務交易對手限額機制，基於信貸評級、財務實力及庫務產品能力等因素評估各目標庫務交易對手。根據評估結果，會為指定類別的庫務工具風險制定庫務交易對手限額。

(v) 監控機制

管理層會獲得定期編製的組合表現及分析報告，以取得最新的重要信貸風險指標資料，例如貸款拖欠率、資本狀況及累計信貸虧損，以便及時檢討並就經營環境的轉變迅速反應。對保留組合及按揭保險組合進行壓力測試，以分析本公司財務上應對極端情況的能力。

本公司會定期檢討所有賣方及供款管理機構的交易對手限額，衡量交易對手的財力、管理能力、還款質素及交易經驗而繼續及／或調整限額，亦會根據交易對手的財力及本公司的資本基礎定期檢討及調整各庫務交易對手的限額。本公司至今未曾因交易對手信貸違約而錄得庫務交易的虧損。

本公司亦會每年檢討核准再保險公司的財務能力、業務計劃、再保險安排及管理能力，並基於檢討結果，決定日後的業務分配及風險分攤比例。

(vi) 管治

本公司信貸風險管理機制的核心包括兩個委員會：信貸委員會及交易核准委員會。

信貸委員會

信貸委員會負責制定本公司的整體信貸政策及資格標準，尤其是有關資產收購及按揭保險的信貸政策及資格標準。委員會執行董事局批准的信貸政策，處理要求成為購買資產計劃的核准賣方／供款管理機構及按揭保險計劃的核准再保險公司申請的審批機構。委員會亦可制定交易對手的風險承擔限額。當業務及經營環境出現重大轉變時，即時檢討信貸政策，並把適時的變更提交信貸委員會審批。

交易核准委員會

交易核准委員會負責根據最新的市況及董事局批准的業務策略，深入分析業務交易的訂價經濟因素及相關信貸風險。委員會核准的主要交易須得一名執行董事的簽署。

上述兩個委員會均由總裁擔任主席，成員包括高級副總裁（業務運作）、高級副總裁（財務）、首席法律顧問、高級副總裁（風險）與有關部門的高級職員。

(b) 市場風險

由於市場價格轉變，使本公司的收入或貸款組合價值減少，即屬市場風險。市場風險包括利率風險、資產負債滿期錯配風險、流動資金風險及貨幣風險。

(i) 利率風險

淨利息收入是本公司盈利的主要來源，即本公司的按揭貸款組合、現金及債務投資的利息收入超過債務發行及其他借款的利息支出的差額。當市場利率的變動影響資產及負債相關的利息收入或利息支出時會引致利率風險。

因此，利率風險管理的主要目的，是規限利率變動對利息收入／支出的潛在不利影響，同時取得穩定的盈利增長。本公司面對的利率風險有兩方面，即利率錯配風險及息差風險。利率錯配風險是影響本公司淨利息收入的最大風險，主要源自本公司賺息資產及計息負債的利率重新訂價的時間差異。利率錯配風險常見於貸款組合，有關貸款大部分為以最優惠利率、香港銀行同業拆息率或綜合利率為基礎的浮息貸款，而本公司的主要負債則為定息債券。因此，本公司審慎利用不同類型的金融工具（例如利率掉期、利率期權、息差掉期、遠期利率協議及發行按揭證券），管理利率錯配風險。定息債券的收益一般透過利率掉期，轉變為以香港銀行同業拆息率為基準的資金。利用該等掉期交易將發行債券的利息支出由定息轉為浮息，使之更能與按揭資產的浮息收入配對。

本公司亦採用期限差距作為監察、衡量及管理利率錯配風險的指標。期限差距衡量資產與負債的利率重新訂價的時差，差距愈大，利率錯配風險愈高，反之亦然。正期限差距指資產期限長於負債期限，即利率上升風險較大，而負期限差距則表明利率下跌風險較大。本公司根據資產負債管理委員會（「資產負債委員會」）的指引及監督，視乎利率的未來走勢及市況，預早重新平衡資產負債組合的期限差距。資產負債委員會將期限差距的上限設定為三個月，以限制利率錯配風險。二零一零年，平均期限差距維持少於一個月，顯示本公司對利率錯配風險的管理極為謹慎。

息差風險指本公司的賺息資產以最優惠利率計息，而計息負債以香港銀行同業拆息率計息，兩者的基準有別。目前市場上可用作完全對沖最優

惠利率與香港銀行同業拆息率息差的金融工具有限。一般而言，按揭貸款資產及非按揭資產均按香港銀行同業拆息率而與資金的計息基準配對時，或有關的風險管理工具更普及或更具經濟效益時，方能有效管理息差風險。過往數年，本公司刻意購買較多以香港銀行同業拆息率計息的資產，於二零一零年底，本公司約60%的按揭貸款資產及非按揭資產以香港銀行同業拆息率計息，因而以最優惠利率計息的資產已大幅減少。此外，發行以最優惠利率計息的按揭證券及採用對沖衍生工具，亦減低本公司以最優惠利率計息的部分貸款組合的息差風險。

(ii) 資產負債滿期錯配風險

儘管按揭貸款的合約年期最長可達30年，但按揭貸款組合的實際平均年期較短。平均年期視乎按期還款及提前還款的快慢而定。提前還款率愈高，則按揭貸款組合的平均年期愈短。在香港，提早還款的兩個主要因為：(i) 換樓 — 借款人出售相關物業時全數償還按揭；及(ii) 轉按 — 借款人為取得較低的按揭利率重新安排按揭貸款。

資產負債滿期錯配風險更具體闡釋為再投資風險及再融資風險。再投資風險指本公司將收回的按揭貸款及提前還款重新投資所得回報較低的風險。再融資風險指以較高利率或價差再融資負債的風險。當以短期負債融資長期按揭資產時，本公司便會面對再融資風險（包括融資金額及資金成本的風險）。

再投資風險可透過不斷購買新貸款補充保留組合流失的貸款，及將剩餘現金投資債券或現金存款以調整全部資產組合的平均年期作有效管理。

透過發行可贖回債券及可轉讓貸款證管理再融資風險。本公司可運用可贖回債券及可轉讓貸款證所包含的贖回權調整負債的平均年期，使負債能更切合整體資產組合。因此，本公司可選擇發行為期1個月至15年的債券，靈活調整整體負債組合的平均年期。此外，可透過調整投資組合的資產到期日，及將按揭貸款證券化成為按揭證券來減少本公司的按揭資產而減低再融資風險。

以資產負債期限差距比率（總資產平均年期比總負債平均年期）監控及管理期滿錯配風險，資產負債委員會設定目標比率以確保本公司資產及負債平均年期適度平衡。

(iii) 流動資金風險

流動資金風險指本公司無法償還債務（例如贖回到期債券）或無法為承諾購買的貸款組合提供資金的風險，可透過監控每日資金流，以及預測整個還款期的長期資金流情況而管理。本公司以資產負債委員會設定的目標流動資產比率（流動資產比總資產）衡量流動資金風險及管理本公司的資金流通情況。本公司已成功開拓多個融資渠道，以確保所有的可預見融資承諾於到期時可兌現，支援業務發展及維持債務組合的平衡。多元化資金來源可使本公司採取以最低成本為業務活動進行提早融資的策略，同時亦可在市場不尋常時期保障融資能力。現時的資金來源包括：

- 股東資本：法定股本30億港元，其中20億港元為足繳股本。截至二零一零年十二月三十一日，累計股東資金總額為76億港元。
- 400億港元債務工具發行計劃：有6家主要交易商及16個銷售團成員根據債務工具發行計劃向

機構投資者包銷及分銷債券。根據計劃的可轉讓貸款證附屬計劃，進一步擴大原計劃的資金來源及投資者基礎。

- 200億港元的零售債券發行計劃：有19家配售銀行協助本公司向投資者發行零售債券。
- 30億美元中期債券發行計劃：有10家交易商根據中期債券計劃向國際機構投資者包銷及分銷本幣及外幣債券。
- 30億美元 Bauhinia 按揭證券化計劃：多貨幣按揭證券發行計劃，共有8家交易商，讓香港按揭證券在本地及國際市場推出按揭證券。
- 現金及債務投資組合：該組合主要包括現金及銀行存款、商業票據、可隨時兌換成現金的優質存款證及票據。
- 300億港元備用循環信貸安排：外匯基金承諾向本公司提供300億港元備用循環信貸。
- 同業市場短期資金：本公司已從多家本地及國際銀行取得同業短期資金借貸額備作短期融資。

由於政府全資擁有而獲得強大支持及良好的評級，本公司可以於債券市場有效率地從機構及零售投資者取得融資。除此優勢外，本公司持有高度流動性的投資組合，有助本公司可迅速和順利地應付無法預見的流動資金需求。即使當市場持續異常緊縮時，本公司亦可以外匯基金的300億港元備用循環信貸，作為後備流動資金。

本公司採用流動資金風險管理機制應對市況的轉變，持續監控近期市場事件對本公司流動資金狀況的影響，並採取審慎的預早融資策略，控制市場波動對香港按揭證券流動資金的影響。

(iv) 貨幣風險

貨幣風險指匯率波動對本公司財政狀況及外幣現金流量的影響。本公司嚴格按照董事局批准的投資指引，在資產負債管理委員會的監督下管理貨幣風險。資產負債管理委員會訂立每日可承受的風險上限。

基於審慎風險管理原則，根據中期債券發行計劃已發行的外幣計值債券與購買海外住宅按揭貸款的資產，已通過外幣換匯交易悉數對沖。

(v) 監控機制

交易分別經前線、中間及後勤辦公室處理，確保有充份制衡。庫務部為前線辦公室，負責監察金融市場的變化，並根據資產負債委員會制定的策略執行各種現金、衍生工具、債務及證券化市場交易。財務管理部則擔任中間辦事處角色，監察在交易對手的守規情況及交易的風險限額。業務運作部為後勤辦公室，負責核實、確認、結算及付款流程。

(vi) 管治

資產負債管理委員會

資產負債管理委員會依循審慎風險管理原則，執行本公司資產負債組合的重要管理工作。委員會制定利率風險管理、融資、對沖及投資策略，並定期舉行會議，檢討金融市場的最新情況及檢討資產負債組合。此外，委員會監督風險管理的執行及監察董事局所核准投資指引的遵守情況。

資產負債管理委員會主席由本公司總裁擔任，成員包括高級副總裁（財務）、高級副總裁（業務運作），高級副總裁（風險）以及有關部門的高級職員。

(c) 營運風險

營運風險指內部程序、人為、系統失誤或失靈或外界因素導致運作中斷的風險。

(i) 監控機制

本公司採用自下而上的方式，深入分析新產品、業務活動、程序、系統升級與詳細審查新業務流程而識別營運風險，採用全面驗證規則、管理資訊系統報告及審核證據追尋及呈報錯誤與不足。

本公司維持全面而完善的內部監控、核證制度及營運流程，積極管理營運風險。本公司已設有各種營運基建配合不同業務範疇推出的新產品，包括購買資產、按揭保險、庫務營運、債券發行、證券化及海外業務。本公司有既定守則進行嚴格檢討，在執行營運及系統基建設施之前，識別任何可能的營運風險及確保充份區分權責。

在業務活動及流程方面，本公司廣泛採用資訊技術、有效的營運制度及監控，以減低潛在人為錯誤及確保日常營運的效率及成果。由於該等系統為業務營運及風險管理的關鍵，故本公司有措施確保該等系統準確、有用及安全。

本公司採取謹慎措施確保財務控制有充份制衡，保證營運方針正確及受到恰當控制。有效財務監控亦有助減少財務風險，同時保障資產免遭擅用或損失，包括阻止及偵測欺詐行為。

本公司有資訊安全手冊，載有所有員工須遵守的資訊及資料安全的準則及規定。所有系統安全措施必須符合資訊安全手冊的規定。本公司採用雙層防火牆防護、入侵偵測系統、病毒警告及隔離系統與漏洞掃描系統等安全措施，減少外界侵襲

的風險。本公司內部亦設有虛擬局域網及終端安全政策，減少成功入侵的損失。本公司聘任外界顧問測試入侵漏洞，有需要時會提高系統安全。

為確保嚴格遵守有關準則，內部及外聘核數師會經常審核及檢討本公司的主要營運系統及程序。所有員工須每年簽署遵守資訊安全手冊與行為守則規定的承諾。當有新安全措施或新系統時會更新資訊安全手冊。資訊安全手冊的任何更改須經高級管理層批准。

為確保業務恢復程序切實可行及不斷完善，資訊科技及用戶部門每年進行業務恢復演練，亦每日備份及異地儲存備份磁帶，不容有失。

產品批核機制

為了確保新產品在設計和推出時，已經充份考慮所有風險因素，本公司發展了一套新產品發展管理機制。根據機制，所有新產品推出前，須要經過恰當的產品規範批核程序。產品推動人負責啟動整個批核機制。只有得到所有功能部門批核和確認產品性能後，產品才可以推出。

(ii) 管治

營運風險管理委員會

營運風險管理委員會的職能，是確保本公司所有相關運作部門，都採取有效的營運風險及內部監控機制。同時，委員會負責就相關運作部門在政策、監控和管理的運作事宜發生問題時，提供指引和解決方法。此外，倘若有審核結果涉及營運風險和內部監控，委員會會確保盡快採取恰當的糾正措施。

營運風險管理委員會主席由本公司總裁擔任，成員包括高級副總裁（業務運作）、高級副總裁（財務）、首席法律顧問、高級副總裁（風險）以及有關功能部門的高級職員。

(d) 法律風險

法律風險指對法律、法規及法律文件的應用或詮釋不明確或指違反法律、法規或法律責任的風險。

(i) 監控機制

由首席法律顧問及公司秘書主管的法律顧問部負責就法律事務向本公司提供意見，以控制法律風險。當考慮新產品或業務時，法律顧問部會提供有關法律及監管方面及法律文件的意見，以保障本公司的最大利益。如有需要會聘請外部法律顧問協助法律顧問部為本公司提供全面的法律支援。法律顧問部與本公司其他部門緊密合作，就法律問題及法律文件提供意見。

首席法律顧問及公司秘書確保各種公司秘書事務，如安排舉行董事局會議及股東大會、傳發董事局文件、安排決議案的通過及保管會議紀錄等，均遵守相關的法例及法規、本公司的組織章程及公司管治守則。首席法律顧問及公司秘書亦會向董事提供意見及協助，以確保在董事局議事程序、避免利益衝突及其他公司管治運作等事宜，均達致最佳水平。

(ii) 管治

營運風險管理委員會是負責管理法律風險的委員會。

(e) 槓杆風險

為確保本公司擴展業務時不會採用相對於資本基礎比例過高的槓杆安排，香港特區政府財政司司長已頒佈本公司的資本對資產比率指引，規定最低資本對資產比率為5%。

根據指引所制定的資本要求，本公司的最高槓杆比率須保持在穩健的偏低水平。二零一零年十二月三十一日，本公司的資本基礎是76億港元，資本對資產比率是10.8%，遠高於5%的最低要求。

管理層每日根據財政司司長頒佈的指引監控資本充足比率及是否審慎使用監管資本。總裁須遵照指引向董事局提交季度報告。當資本對資產比率低於6%時，預警機制會提醒管理層注意。任何違反或可能違反該指引的行為須呈報財政司司長。

流程管理及資訊科技

自動化營運系統可以確保日常運作的效率及效果。本公司自成立以來，投入不少資源和精力發展及優化業務營運、內部監控與應用系統。

二零一零年，本公司更新庫務系統基礎設施，目的是進一步提升能力，可以適時開發新庫務及對沖產品，加強對多種產品、交易夥伴及區域的綜合風險管理，增強前台、中間及後勤辦公室的一體化和合作性，並且更穩妥和更能適應日後監管及呈報要求。新庫務系統現在開發的最後階段。經充分測試後，新系統可以於二零一一年底啟用。

為了配合二零一一年推出的中小企融資擔保計劃，本公司發展了一套擔保資料處理系統。新系統可以在處理申請過程時，提供內部監控及自動化處理，批核後的監控、擔保貸款行政、申索處理和管理報告等。系統將於二零一一年逐步投入服務。

自動化亦有助推出更多優質產品，滿足市場需求。二零一零年十一月，本公司引進了「信貸風險評核模型」取代了原來的「度身訂造保費優惠計劃」和「長期客戶保費優惠計劃」。藉此優化按揭保險計劃。因此，申請處理和計算更加全面，而承保過程所需的流轉時間亦有所改善。

本公司善用在按揭保險計劃業務所採用文件成像及無紙化作業的實踐知識及專業技能，現正試驗另一資訊科技基礎設施，務求精簡庫務及按揭業務工作，應付與日俱增的交易量及複雜要求。對大量文件的索引編列、歸檔及檢索工作實施自動化，對改良現有即時結算與營運風險控制平台十分重要。此舉亦有利於直接處理交易確認、證券結算、支付認證及文件儲存的統一歸檔及檢索流程。預期整個項目可以在二零一一年上半年展開。如有需要，將來可以在其他新業務領域，採用此文件影像處理程式。

業務持續計劃

業務持續計劃，對於企業如何在應付災難事故或資源受到干擾時保持穩定，至為重要。因此，本公司經常檢討公司本身及各業務部門和操作部門的業務持續計劃，確保有一個有用和有效的決策及申報機制，應付潛在的災難事故。

在二零一零年，本公司更改測試業務持續計劃的方法。週年的演習不再是預先籌劃或組織。相反地，參與員工在演習前沒有收到任何知會。結果，是次「突擊」演習成功，業務於兩小時內恢復正常運作。

企業社會責任

本公司去年履行企業社會責任，貢獻得到認同；並第三年獲香港社會服務聯會根據「商界展關懷」計劃，頒發二零一零/一一年度「同心展關懷」標誌。



“商界展關懷”嘉許典禮

作為對社會負責任的機構，本公司關懷員工及社會。本公司重視所承擔的社會責任，關心僱員福利，鼓勵員工參與慈善活動，並推行環保措施。

關懷僱員

員工與薪酬

本公司的核心目標是提高銀行業的穩定、協助市民自置居所及推動證券市場發展。為此而吸納及栽培人才，在購買按揭貸款、安排按揭保險及發行債券等主要業務上發揮所長。本公司為僱員提供適當的薪酬福利、發展機會以及健康、安全的工作環境。本公司亦實行配合家庭生活的措施，每周工作五天，讓僱員生活作息更加平衡。本公司亦為僱員及其家屬提供全面的醫療及牙科保險。

儘管購買的按揭貸款種類及提供的產品漸趨繁複，但通過系統自動化和流程改革，本公司仍可維持一隊精簡及有效率的員工。二零一零年，本公司的全職員工為146名，員工流失率為19%。

培訓及發展

本公司深明持續培訓的重要性，因此投入大量資源，不斷加強員工的專業知識及技能培訓。二零一零年，本公司安排多項內部和其他機構舉辦的課程，以提高員工的產品知識、加強員工的管理及專業技能。有關產品的內部培訓課程包括證券化業務及銀行向中小企貸款的批核；亦有軟性技巧工作坊，例如團隊建立、

輔導技巧、時間管理、寫作技巧及普通話培訓。本公司亦贊助員工參加外界課程，內容豐富，涵蓋按揭相關事務、風險管理、財務及會計、企業管治、資訊科技以及管理技巧。此外，本公司為新入職員工舉辦簡介會，全面介紹公司的運作及員工的工作範圍。



銀行業的中小企借貸培訓課程



團隊建立及互信工作坊



管理層團隊建立工作坊



通過良好溝通建立顧客服務的培訓課程

健康與安全

作為關懷員工的僱主，本公司一直關心員工的身心健康。本公司設有僱員支援計劃，透過一家外間機構為員工及其家屬提供保密的輔導及諮詢服務；亦以優惠價為員工安排疫苗注射以預防流感，並為他們設立優惠的體檢計劃。

本公司進一步檢討及提升緊急應變計劃，包括分組工作安排，為可能出現的流感大爆發作迅速應變。應變計劃之目的，是預防傳染性疾病在僱員中擴散，以及減少未能預計或因突發事件而令業務中斷的情況。本公司定期舉行演習，協助員工熟習在緊急情況下啟用有關後備設施、執行應變計劃及落實溝通上的安排。

僱員關係及員工活動

來自各部門的成員所組成的員工俱樂部舉辦了多項員工活動，以培養更佳的員工關係及加強溝通，亦推廣工作與生活兼顧的精神，建立配合家庭需要的工作環境。員工活動例如保齡球賽、工作與生活平衡日、參



保齡球賽



參觀新生農場

觀新生農場等，均深受員工與家屬歡迎。本公司亦與其他機構舉行足球友誼賽，讓員工與眾同樂，並建立團隊精神。

為確保公司內部有效溝通，本公司定期更新員工網頁，讓各部門分享一些實用的資訊。本公司亦鼓勵員工提出建議，改善工作流程和工作環境。二零一零年，本公司更設立了《生活頻道》，定期發放一些勵志小故事、心靈雋語、健康貼士等，鼓勵員工保持工作與生活平衡。



工作與生活平衡日



二零一零年公益服飾日

關懷社會

慈善及社會活動

本公司不時推動慈善及社區活動，例如籌款活動、捐獻運動及志願服務等。本公司鼓勵員工支持各項慈善及義務活動。二零一零年，本公司員工為海地及青海地震的災民募捐。本公司亦參與公益金舉辦的公益服飾日，及為中國內地教育項目籌辦慈善音樂會。與往年一樣，本公司於二零一零年亦舉行香港紅十字會捐血日。

本公司員工積極參與義務活動，獻出自己的時間和精力，對社會有需要社群顯示關愛。二零一零年，來自不同部門的熱心義工更組成「關愛大使」（意指一羣有志願人士，以共同目標和團隊精神，關懷社會）。在「關愛大使」的努力下，本公司與多間社會服務機構合作，參與多項自願服務，包括：

- 關懷環境與兒童 — 帶領一班來自香港家庭福利會的兒童義工，到鳳園蝴蝶保育區作環境生態導賞遊以及清除雜草；
- 關懷長者 — 探訪香港基督教女青年會明儒松柏社區服務中心。另外，中秋節期間，參與香港小童群益會所組織的探訪獨居長者活動；
- 關懷傷殘 — 參與香港失明人協進會舉辦的二零一零年國際白杖日，幫助社會大眾明白視障人士在日常生活中所遇到的困難。



「綠野仙蹤之鳳園蝶舞」— 環境生態導賞遊



「愛在中秋」— 探訪獨居長者

學生計劃

為培育人才，本公司為大學生提供多個實習職位，讓他們有機會體驗實際商業社會的運作，為未來就業作好準備。所有曾經參與計劃的學生，都表示很珍惜能在本公司獲得寶貴的學習經驗和工作機會。



「身連身心連心之健康運動開心同樂日」— 探訪香港基督教女青年會明儒松柏社區服務中心



二零一零年國際白杖日

環境保護

本公司一直支持及推行綠色辦公室措施，務求營造更環保的工作環境，並且提升員工對減少廢物和節約能源的意識。同時，鼓勵員工多使用電子通訊，減少用紙的習慣；並且鼓勵他們收集廢紙及打印機碳粉盒用後循環再造，以及每天於離開辦公室前關掉電腦。自二零零六年以來，本公司致力採用不同的措施包括設定辦公室溫度，提高能源效益；亦歡迎員工就如何營造綠色辦公室提供建議，並鼓勵供應商使用或供應更為環保的產品。

二零一一年展望

儘管香港經濟復甦，本公司將一如既往，時刻謹慎，留意物業市場和金融市場的各方面發展。事實上，隨着許多新項目的展開（中小企融資擔保計劃、安老按揭試驗計劃和小型貸款研究）以及環球經濟的不明朗，二零一一年將會是本公司充滿挑戰的一年。為了履行核心使命和加強在香港的策略地位，本公司將繼續檢討已上軌道的業務計劃，並且在適合時機優化產品，有效地滿足市場需求。

健康及 可持續的增長



財務回顧

香港的經濟在二零零九年經歷衰退以後，在二零一零年強勁復甦。由於收入和就業前景有所改善，個人消費回升及企業營商氣氛普遍保持樂觀，無論內部和外部都有強勁的增長勢頭。尤其是亞洲經濟的強勁需求，加上美國和歐洲的經濟需求進一步復甦，大幅地推動了香港的對外貿易及與貿易相關的服務和運輸服務業。就業和收入的增長，再加上公共建設工程的激增，也支持着個人消費和本地的固定投資。總括而言，實質本地生產總值錄得按年增長6.8%，而在第四季度，失業率更降至4.0%，是二零零八年以來的最低水平。

發達經濟體系繼續推行超寬鬆貨幣政策，尤其是美國推出新一輪的量化寬鬆政策後，帶動全球的流動性增加，導致通貨膨脹和資產價格飆升。由於進口價格的上升壓力，與及弱美元的形勢持續，全球糧食價格上漲和亞洲地區的高通脹，使基本消費物價通脹平均達2.4%，較二零零九年同期增長0.5%。二零一零年十二月的住宅物業價格，較去年底上升21%，但隨着香港政府關注物業市場的投機所引起物業價格泡沫，採取一系列監管措施，直至年底樓價升幅才出現放緩跡象。

圖 1
財務表現概要

	2010 百萬港元	2009 百萬港元
未計減值前的經營溢利	1,387	1,111
除稅前溢利	1,406	1,150
股東應佔溢利	1,234	1,006
股東資金回報率	17.5%	16.2%
資產回報率	2.2%	1.6%
成本對收入比率	11.0%	12.4%
資本對資產比率	10.8%	9.5%

收益表

財務表現

受惠於香港經濟的強勁復甦，加上物業市道暢旺，本公司於二零一零年再次取得良好財務業績。二零一零年股東應佔溢利達12.34億港元（圖1及2），較二零零九年增加了22.7%。增長主要源於市場充足的流動資金、優良的貸款質素、及按揭保險計劃下承保貸款的按揭保險已滿期保費淨額貢獻增加。

未計減值前經營溢利上升2.76億港元至13.87億港元，增幅24.8%，主要受惠其他收入上升153.4%，足以抵銷淨利息收入減少6.5%。

股東資金回報率上升至17.5%（二零零九年：16.2%），而資產回報率亦攀升至2.2%（二零零九年：1.6%）。儘管因增加了對風險管理的承擔，使經營支出上升了8.2%，但由於經營收入大幅上升22.8%，結果成本對收入比率下降至11.0%（二零零九年：12.4%）。資本對資產比率維持穩健的10.8%（二零零九年：9.5%），遠高於財政司司長規定不低於5%的指引。

跟二零零九年相比，平均貸款組合減少87億港元；貸款減少是由於物業市場再融資活動增加，導至貸款償還有所加快，但同時現金及投資項目增加20億港元卻抵銷了部份計息資產的減幅。雖然計息負債淨息差與

圖 2
股東應佔溢利

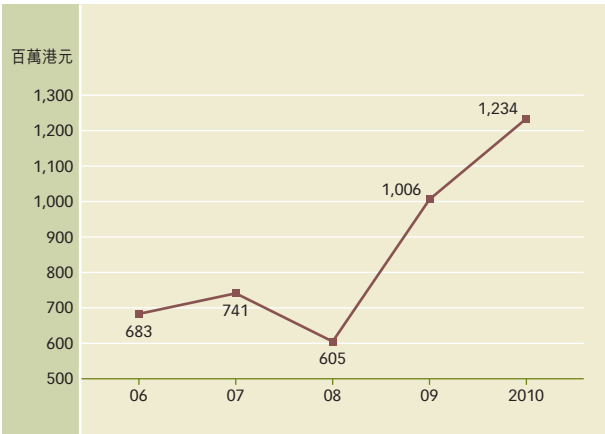


圖3
淨利息收入

	2010 千港元	2009 千港元
利息收入	1,141,383	1,338,301
利息支出	(170,802)	(300,594)
淨利息收入	970,581	1,037,707
平均計息資產	53,266,677	60,017,628
淨息差	1.8%	1.7%
計息負債淨息差 ¹	1.8%	1.7%

¹ 計息負債淨息差 = 計息資產回報率 - 計息負債資金成本

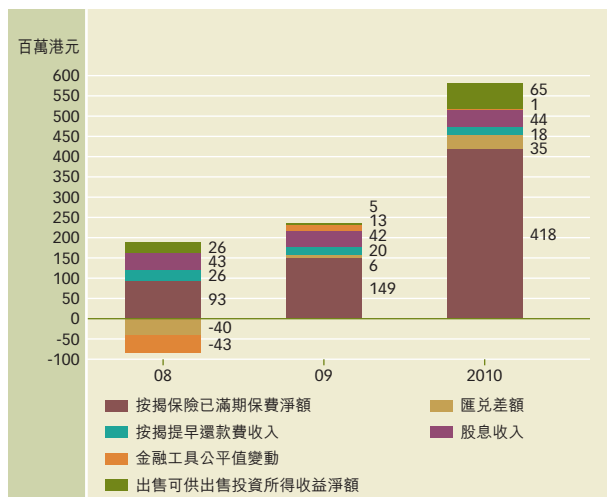
及淨息差均從1.7%改善至1.8%，但全年淨利息收入仍回落6.5%，由10.38億港元降至9.71億港元。下調原因是由於平均計息資產在二零一零年減少68億港元(圖3)。

其他收入

二零一零年其他收入上升153.4%至5.88億港元(二零零九年：2.32億港元)，當中主要項目為按揭保險計劃的按揭保險已滿期保費淨額(圖4)。

由於物業交投暢旺，推高了市場的新增住宅按揭貸款，由二零零九年的1,993億港元增至二零一零年的3,242億港元。本公司按揭保險計劃的新承保額亦由360億港元增至410億港元。因承保保費收入攤銷所致，加上因貸款再融資／提前還款而確認之預付保費，本年度的已滿期保費淨額由1.71億港元上升148%至4.24億港元。扣除附加未決申索撥備600萬港元後(二零零九年：2,200萬港元)，已扣除撥

圖4
其他收入的主要來源



香港按揭證券有限公司

備後的已滿期保費淨額由1.49億港元增加180.5%至4.18億港元。

出售可供出售投資所得收益淨額約6,500萬港元(二零零九年：港幣500萬港元)，主要是基於投資組合重新分配和分散投資。

二零一零年來自債券基金及房地產投資信託基金等上市證券投資股息收入為4,400萬港元(二零零九年：4,200萬港元)，相當於約5%的股息回報率(二零零九年：5%)。

二零一零年錄得3,500萬港元匯兌收益，較二零零九年增加2,900萬港元(二零零九年：600萬港元)，主要是由於重估美元的淨風險所致。

提前還款費收入為1,800萬港元，較二零零九年減少200萬港元(二零零九年：2,000萬港元)。

經營支出

本公司一直致力維持嚴格的成本控制及提高營運效率。與二零零九年比較，經營支出上升8.2%至1.71億港元，但較已批准預算少2,100萬港元。僱員成本上升5.6%至1.14億港元，主要是因為進一步加強風險管理的職能。僱員成本佔總經營支出的66.7%；二零零九年則為68.6%。辦公室租金及其他相關支出維持在1,400萬港元。資產折舊支銷增加至1,300萬港元(二零零九年：1,100萬港元)。顧問費用增加500萬港元至1,200萬港元，主要是用於加強信貸風險管理的職能及推行新業務所涉及的法律諮詢費用(圖5)。

圖5
經營支出

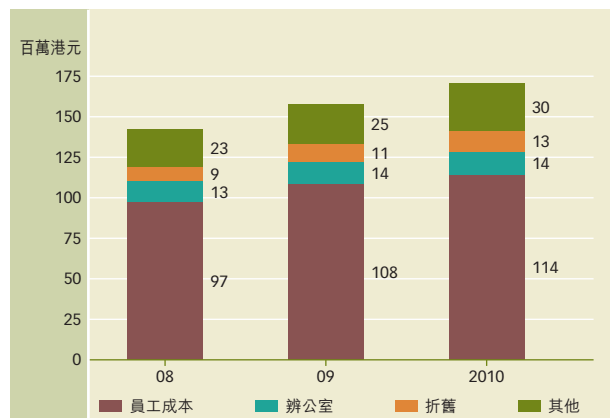
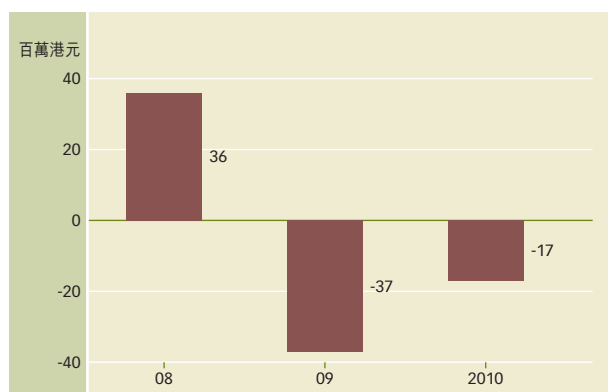


圖6
貸款減值(回撥)/撥備



貸款減值撥備

二零一零年資產質素維持穩健，拖欠比率由0.04%下跌至0.03%。跟二零零九年相比，貸款組合減少90億港元，加上樓價上升，因此二零一零年組合評估錄得1,700萬港元的減值回撥(圖6)。

就海外按揭貸款而言，因為基於嚴格的購買準則及採取審慎的風險規避措施，因此資產質素一直保持良好，於二零一零年毋須作出組合評估貸款減值撥備(二零零九年：無)，也沒有錄得任何信貸損失。

二零一零年底貸款減值撥備金總額佔未償還貸款組合本金餘額(353億港元)的0.01%，與本地市場水平相若(圖7)。本年度並沒有錄得貸款撇銷(二零零九年：300萬港元)；而同期收回已撇銷貸款為400萬港元(二零零九年：300萬港元)。

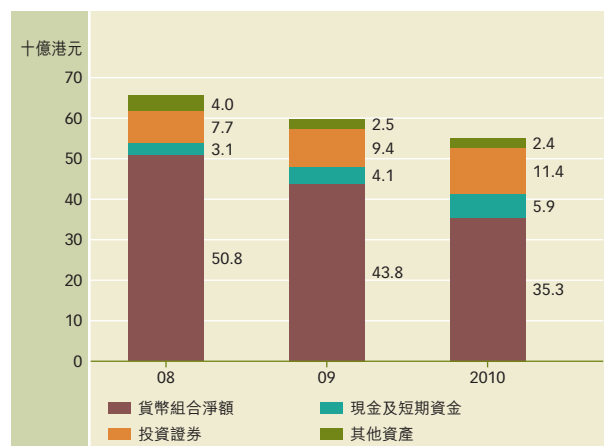
圖7
比率

	2010	2009
逾期超過九十日的貸款 佔貸款組合的拖欠比率	0.03%	0.04%
貸款減值準備金總額 佔總貸款組合的百分比	0.01%	0.03%

財務狀況表

總資產減少48億港元至550億港元(二零零九年：598億港元)(圖8)，主要是由於貸款組合減少85億港元至353億港元。按揭貸款還款所帶來剩餘現金投資於短期投資證券，藉以配合應付已發行債券期滿贖回所需。

圖8
資產分配



貸款組合

本公司於本年度購入47億港元貸款資產(二零零九年：88億港元)，全部都是香港住宅按揭貸款組合。

考慮到本年度提早還款和正常還款，本地住宅按揭組合及證券化按揭貸款組合的未償還結餘分別為181億港元及7億港元。韓國住宅按揭貸款錄得正常流失35億港元，未償還結餘為119億港元。在二零一零年底，以本地商業樓宇作抵押的商業按揭貸款組合未償還結餘維持在40億港元，與二零零九年相同(圖9)。

貸款組合(包括證券化按揭貸款)的平均提早還款率由二零零九年的16.3%上升至二零一零年的24.1%。升幅主要由於近期的物業市場成交活躍。

圖9
貸款組合淨額

	2010 千港元	2009 千港元
按揭貸款組合		
住宅		
– 香港	18,081,110	21,980,141
– 海外	11,912,250	15,441,285
商業	4,000,000	4,000,000
證券化按揭貸款組合	717,786	1,314,685
非按揭貸款組合	549,820	1,066,616
	35,260,966	43,802,727
貸款減值撥備	(2,029)	(14,011)
貸款組合淨額	35,258,937	43,788,716

證券投資

本公司的投資組合主要包括銀行存款、短期商業票據、存款證、債券、以收益為本的政府債券基金及房地產投資信託基金組成。高流通的投資組合為本公司的業務運作提供備用流動資金，以便可迅速自如應付不可預見的流動資金需要。本公司按照已批准的投資指引，採取審慎和低風險的方針管理剩餘資金及投資活動。於二零一零年十二月三十一日，投資組合總額由二零零九年的94億港元增加至114億港元，包括34億港元可供出售投資及80億港元持有至到期投資。二零一零年投資組合的增長是由於積極資本管理及業務所產生的現金盈餘。由於奉行審慎的投資指引及資產與負債管理，本公司的投資組合中並無直接或間接持有任何次按投資、債務擔保證券、面臨財困的金融機構所發行的債券，或高風險的歐洲主權債務。跟二零零九年相同，二零一零年的投資組合並無作出減值撥備。

債券發行

本公司於二零一零年合共發行83億港元債券，包括71億港元債券是根據債務工具計劃發行，另外12億港元債券根據中期債券發行計劃發行。根據中期債券發行計劃發行的所有非港元債務均利用對沖金融衍生工具，轉換成為港元或美元負債。於二零一零年十二月三十一日，所有未贖回債務總額較二零零九年下跌12.1%（即54億港元）至391億港元。有關下跌主要是由於贖回在二零一零年到期的138億港元債務，亦與按揭貸款組合提早還款配合。如不計算全數或部份提早還款，二零一零年底貸款組合的合約平均期限為九年。本公司發行債券的年期由一個月至十五年不等，本公司有87.1%的未贖回債券將於一至五年內期滿。

按揭證券發行

本公司於本年度並無發行任何按揭證券。與二零零九年相比，本年的已發行而未償還的按揭證券餘額減少25%（即5億港元）至15億港元，反映年內贖回的按揭證券總額。

資產負債表外風險

按揭保險

本公司以核准再保險公司分擔風險方式經營按揭保險業務。二零一零年底，風險總額約為176億港元（二零零九年：149億港元），其中24億港元（二零零九年：33億港元）已向核准再保險公司購買再保險。由本公司承擔的資產負債表外的風險增加31.4%至152億港元。在這些風險當中，19億港元透過運用超額損失再保險的安排作為對沖中間層的風險，而本公司保留其餘部分的風險，包括首次損失部份和損失可能性極低的部份。

截至二零一零年底，未決申索撥備佔所承擔風險為0.46%（二零零九年：0.56%）。拖欠比率維持在穩健的水平0.003%（二零零九年：0.003%）。

海外業務

在二零一零年底，韓國按揭貸款組合的未償還餘額為119億港元（二零零九年：154億港元）。馬來西亞的合資公司經營按揭擔保業務，本公司攤佔該合資公司溢利230萬港元（二零零九年：190萬港元）。而中國內地的合資公司經營過渡按揭貸款擔保業務，錄得330萬港元盈利（二零零九年：虧損440萬港元）。這些海外業務的溢利貢獻總額為1.34億港元（二零零九年：1.26億港元），佔本公司二零一零年除稅前溢利的9.5%。

現金流管理

本公司未計算經營資產及負債增減的經營業務所得現金流為14億港元。現金流主要來自淨利息收入，較二零零九年增加2億港元。按揭貸款組合的還款用作贖回債券，及投資在持有至到期的投資組合。二零一零年現金淨增加7億港元（二零零九年：11億港元）。

資本管理

財政司司長因應本公司的各項產品所產生的不同風險水平，批准以下的資本充足架構。各項產品的最低限度資本對資產比率，反映該產品潛在風險的審慎評

估，並已考慮到符合條件的抵押品，與及作出一些相應調整以反映可能發生的潛在損失(圖10)。

資本基礎(即股東資金扣除對沖儲備加上按整體評估的貸款減值撥備)隨盈利上升，由63億港元增加15.9%至二零一零年的73億港元。二零一零年底，本公司的資產負債表以內資產與及資產負債表以外的風險總金額為673億港元，主要包括風險加權按揭貸款301億港元、租購資產9億港元、證券投資114億港元、現金及銀行結餘59億港元、風險加權按揭保險152億港元、衍生合約的取代成本及潛在未來信貸風險26億港元，按揭證券化計劃中的風險加權擔保風險1億港元及其他資產11億港元。截至二零一零年底，

新推出的補價貸款擔保計劃及中小企融資擔保計劃，暫未錄得任何未償還餘額風險。資本對資產比率處於10.8%的穩健水平(二零零九年：9.5%)，遠高於財政司司長規定的5%最低水平。

股息

二零一一年四月十二日舉行的股東週年大會，考慮到二零一零年度本公司的卓越財務表現與及二零一一年新推出業務的資本需求，股東批准派發末期股息每股0.175港元(二零零九年：0.25港元)，合共3.5億港元(二零零九年：5億港元)，佔股東應佔溢利的28.4%。

圖10

產品	最低限度的資本對資產比率
購買按揭貸款計劃	
(i) 一般按揭貸款	一般按揭貸款組合的5% (按未償還本金結餘或承擔金額加應計利息計算)
(ii) 首次置業貸款計劃及夾心階層住屋貸款	首次置業貸款計劃及夾心階層住屋貸款的2% (按未償還本金結餘或承擔金額加應計利息計算)
由本公司提供擔保的按揭證券	按揭證券組合的2% (按未償還本金結餘加應計利息計算)
本公司將證券化按揭貸款轉讓給特設公司，此類按揭貸款均可在本公司未綜合特設公司之資產負債表內不確認。	證券化按揭貸款的0%
本公司將證券化按揭貸款轉讓給特設公司，此類按揭貸款均須本公司未綜合特設公司之資產負債表內確認，而該類已發行按揭證券屬於：	
(i) 由本公司提供擔保	證券化按揭貸款的2%
(ii) 並非由本公司提供擔保	證券化按揭貸款的5%
非住宅按揭貸款	非住宅按揭貸款組合的8%
非按揭貸款	非按揭貸款組合的8%
海外住宅按揭貸款	按適用於海外住宅物業所在司法權區的資本規定再就一般按揭貸款組合5%的最低規定作相處調整
按揭保險計劃	由核准再保險公司的再保險安排保障而當中涉及重大的信貸風險轉移的風險投保總額的0% 並沒有由核准再保險公司的再保險安排保障或再保險安排保障中不涉及重大的信貸風險轉移的風險投保總額的5%
補價貸款擔保計劃的擔保	擔保風險的5%
中小企融資擔保計劃的擔保	單一債務人總風險不超過1,000萬港元時，擔保風險的6% 單一債務人總風險超過1,000萬港元時，擔保風險的8%

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董事局報告書

Report of the Directors

董事局欣然提呈董事局報告書及本公司及其附屬公司（就本報告而言，包括用以發行按揭證券的特設公司）（統稱「本集團」）截至二零一零年十二月三十一日止年度經審核財務報表。

主要業務

本公司的一般主要業務包括：

- (1) 向有關批授人、發行人、擁有人或賣方購買在香港或其他地區的以物業或其他抵押品作抵押的按揭或貸款組合，或其他債權證、應收款項、金融資產及任何類別的據法權產；
- (2) 透過購買或以其他方式向政府當局與機構及其相關組織、法定團體及公營機構收購任何資產，並持有、出售、轉讓、處置及處理任何該等已購買或收購回來的資產；
- (3) 向機構投資者或零售投資者發行債券或債務證券；
- (4) 透過特設公司向投資者發行按揭證券，將按揭組合證券化；
- (5) 就認可機構所批出以住宅物業作抵押的按揭貸款，提供按揭保險；
- (6) 就以下貸款向認可機構提供財務擔保：
 - (a) 由認可機構所批出以住宅物業作抵押的第二按揭貸款，藉此支付補價予香港房屋委員會的補價貸款；及
 - (b) 由認可機構所批出予在香港的中、小型企業及非上市公司貸款。

本公司附屬公司、共同控制實體及用以發行按揭證券的特設公司的公司資料及主要業務分別載於財務報表附註22、23及33。

業績及分配

本集團截至二零一零年十二月三十一日止年度的業績連同擬派股息詳情載於第95頁的綜合收益表。

The Directors have pleasure in presenting their report together with the audited financial statements of the Company and its subsidiaries (for the purpose of this report, including the special purpose entities used for issuing mortgage-backed securities) (together the "Group") for the year ended 31 December 2010.

Principal Activities

The general principal activities of the Company are:

- (1) to purchase portfolios of mortgages or loans secured on properties or other collateral situated in Hong Kong or elsewhere and to acquire other debentures, receivables, financial assets and choses in action of all kinds from their originators, issuers, owners or vendors;
- (2) to acquire, by purchase or otherwise, any assets from government bodies and agencies and related organisations, statutory bodies and public bodies and to hold, sell, transfer, dispose of and deal in any such assets so purchased or acquired;
- (3) to issue notes or debt securities to institutional investors or retail investors;
- (4) to securitise mortgage portfolios through special purpose entities by way of issuing mortgage-backed securities to investors;
- (5) to provide mortgage insurance cover to Authorized Institutions ("AIs") in respect of mortgage loans originated by such AIs and secured by residential properties;
- (6) to provide financial guarantee cover to AIs in respect of:
 - (a) second mortgage loans originated by such AIs and secured by residential properties for payment of premium to the Hong Kong Housing Authority; and
 - (b) loans originated by such AIs to small and medium-sized enterprises and non-listed enterprises in Hong Kong.

The corporate information and principal activities of the subsidiaries, jointly controlled entity of the Company and special purpose entities used for issuing mortgage-backed securities are shown in Notes 22, 23 and 33 respectively to the financial statements.

Results and Appropriations

The results of the Group for the year ended 31 December 2010 are set out in the consolidated income statement on page 95 together with particulars of the proposed dividend.

儲備

本集團於年內的儲備變動詳情載於第99頁的綜合權益變動表。

固定資產

本年度本集團及本公司的固定資產變動詳情載於財務報表附註24。

債券發行

截至二零一零年十二月三十一日止年度，本公司根據其總額400億港元債務工具發行計劃及總額30億美元中期債券發行計劃向銀行及機構投資者發行債券，集資83億港元，以提供一般營運資金及再融資，發行價合共為82億港元。本公司截至二零一零年十二月三十一日止年度並無根據零售債券發行計劃發行任何債券。債券發行及贖回業務的概要載於財務報表附註28。

按揭證券發行

特設公司於二零一零年概無根據有擔保按揭通遞證券化計劃或30億美元 Bauhinia 按揭證券化計劃發行任何按揭證券。按揭證券發行及贖回業務的概要載於附註29。

董事

於年內出任董事的本公司董事局成員名單如下：

曾俊華先生，GBM，太平紳士
主席兼執行董事

陳德霖先生，SBS，太平紳士
副主席兼執行董事

彭醒棠先生，太平紳士
執行董事

余偉文先生，太平紳士
執行董事

陳家強教授，SBS，太平紳士
董事

陳健波先生，太平紳士
董事

陳淑莊女士
董事

陳占明先生
董事（於二零一零年四月二十日獲委任）

Reserves

Movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 99.

Fixed Assets

Details of the movements in fixed assets of the Group and of the Company during the year are set out in Note 24 to the financial statements.

Debt Securities Issued

The Company issued notes to banks and institutional investors under its HK\$40 Billion Debt Issuance Programme and US\$3 billion Medium Term Note Programme during the year ended 31 December 2010, totalling HK\$8.3 billion for the purposes of providing general working capital and refinancing, at a total consideration of HK\$8.2 billion. The Company did not issue any debt securities under its Retail Bond Issuance Programme during the year ended 31 December 2010. A summary of the debt securities issuance and redemption activities is set out in Note 28 to the financial statements.

Mortgage-backed Securities Issued

The special purpose entities did not issue any mortgage-backed securities under the Guaranteed Mortgage-backed Pass-through Securitisation Programme or the US\$3 Billion Bauhinia Mortgage-backed Securitisation Programme in 2010. A summary of the mortgage-backed securities redemption activities is set out in Note 29.

Directors

The Directors of the Company who served during the year were as follows:

The Honourable John TSANG Chun Wah, GBM, JP
Chairman and Executive Director

Mr. Norman T. L. CHAN, SBS, JP
Deputy Chairman and Executive Director

Mr. Peter PANG Sing Tong, JP
Executive Director

Mr. Eddie YUE Wai Man, JP
Executive Director

Professor the Honourable K. C. CHAN, SBS, JP
Director

The Honourable CHAN Kin Por, JP
Director

The Honourable Ms. Tanya CHAN
Director

Mr. Jammy CHEN
Director (appointed on 20 April 2010)

鄭蔚彤女士

董事（於二零一零年四月二十日退任）

鄭汝樺女士，太平紳士

董事

張炳良教授，GBS，BBS，太平紳士

董事

方正先生，GBS，太平紳士

董事

馮孝忠先生

董事（於二零一零年四月二十日獲委任）

馮鈺龍先生

董事（於二零一零年四月二十日獲委任）

黃嘉純先生，太平紳士

董事

李慧琮女士，太平紳士

董事

梁君彥先生，GBS，SBS，太平紳士

董事

李國寶博士，GBM，GBS，Hon. LLD (Cantab)，太平紳士

董事

萬志輝先生

董事（於二零一零年四月二十日退任）

石禮謙先生，SBS，太平紳士

董事

陳清賜先生

董事（於二零一零年四月二十日退任）

按照本公司的公司組織章程細則第109條，全體董事（執行董事除外）於下屆股東週年大會退任，惟可參選連任。

董事於交易及合約中的權益

在本年度任何期間或年終，本公司或其任何附屬公司均無就公司業務簽訂與任何董事有直接或間接重大利益的重要合約。

於本年度內本公司亦無作出任何安排，使任何董事或管理層成員能透過收購本公司或任何其他法人團體的股份或債券而獲取利益。

Ms. Louisa CHEANG

Director (retired on 20 April 2010)

The Honourable Ms. Eva CHENG, JP

Director

Professor the Honourable Anthony CHEUNG Bing Leung, GBS, BBS, JP

Director

Mr. Eddy FONG Ching, GBS, JP

Director

Mr. Andrew FUNG Hau Chung

Director (appointed on 20 April 2010)

Mr. Ryan FUNG Yuk Lung

Director (appointed on 20 April 2010)

Mr. Lester Garson HUANG, JP

Director

The Honourable Ms. Starry LEE Wai King, JP

Director

The Honourable Andrew LEUNG Kwan Yuen, GBS, SBS, JP

Director

Dr. the Honourable David LI Kwok Po, GBM, GBS, Hon. LLD (Cantab), JP

Director

Mr. Geoffrey Jay MANSFIELD

Director (retired on 20 April 2010)

The Honourable Abraham SHEK Lai Him, SBS, JP

Director

Mr. Eddie TAN Cheng Soo

Director (retired on 20 April 2010)

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

Directors' Interests in Transactions and Contracts

There was no contract of significance in relation to the Company's business to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, either directly or indirectly, which subsisted at the end of the year or at any time during the year.

At no time during the year was the Company a party to any arrangement to enable any of its Directors or members of its management to acquire benefits by means of the acquisition of shares in, or debt securities of, the Company or any body corporate.

遵照《保險公司條例》的條文額外作出的披露

年內，根據《保險公司條例》對控權人的定義，曾俊華先生及劉怡翔先生（本公司總裁）為本公司的控權人。截至二零一零年十二月三十一日止年度，劉先生於本公司所訂立的交易或合約中概無擁有任何權益。

年內，本公司經營的保險業務，並無涉及根據香港任何條例的規定須予投保的責任或風險。

本公司已與下列核准再保險公司訂立再保險安排：亞洲保險有限公司、恒生財險（香港）有限公司、滙豐保險（亞洲）有限公司、昆士蘭按揭保險（亞洲）有限公司（前稱柏偉（亞洲）按揭保險有限公司）及美國國際集團聯合保險（亞洲）有限公司。年內，本公司以風險分攤方式經營按揭保險業務。除部份按揭保險並無作再保險安排外，本公司就按揭保險多達50%的風險向各核准再保險公司購買再保險，其餘風險則由本公司承擔。本公司亦已經與一家核准再保險公司訂立雙方「超額損失」再保險安排。二零一一年一月二十八日，本公司亦與中銀集團保險有限公司訂立再保險安排。

核數師

財務報表已由羅兵咸永道會計師事務所審核，其任期屆滿，惟有資格並願意參選連任。

承董事局命

曾俊華

主席

香港

二零一一年四月十二日

Additional Disclosures in Compliance with the Provisions of the Insurance Companies Ordinance (“ICO”)

During the year, the “Controllers” of the Company (as defined in the ICO) were the Hon. John Tsang and Mr. James H. Lau Jr. (Chief Executive Officer of the Company). Mr. Lau did not have any interests in the transactions or the contracts which the Company had entered into during the year ended 31 December 2010.

During the year, the Company did not carry on insurance business relating to liabilities or risks in respect of which persons were required by any Ordinance to be insured.

There were in existence reinsurance arrangements between the Company and the following approved reinsurers: Asia Insurance Company, Limited, Hang Seng General Insurance (Hong Kong) Company Limited, HSBC Insurance (Asia) Limited, QBE Mortgage Insurance (Asia) Limited (formerly known as PMI Mortgage Insurance (Asia) Limited) and AIG United Guaranty Insurance (Asia) Limited. During the year, the Company operated its mortgage insurance business on a risk-sharing basis. Except for those mortgage insurance covers in respect of which no reinsurance arrangement had been made, the Company ceded up to 50% of the risk exposure under its mortgage insurance to each approved reinsurer, with the remaining risk exposure being retained by the Company. The Company had also entered into a bilateral “excess of loss” reinsurance agreement with an approved reinsurer. On 28 January 2011, the Company has also entered into a reinsurance arrangement with Bank of China Group Insurance Company Limited.

Auditor

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board of Directors

John C Tsang

Chairman

Hong Kong,

12 April 2011.

獨立核數師報告書

Independent Auditor's Report

致香港按揭證券有限公司股東

(於香港註冊成立的有限公司)

To the shareholders of The Hong Kong Mortgage Corporation Limited

(Incorporated in Hong Kong with limited liability)

呈報財務報表

本核數師（以下簡稱「我們」）已審計列載於第95至181頁香港按揭證券有限公司（以下簡稱「公司」）及其附屬公司（統稱「集團」）的綜合財務報表，此綜合財務報表包括於二零一零年十二月三十一日的綜合和公司財務狀況表與截至該日止年度的綜合收益表、綜合全面收益表、綜合權益變動表和綜合現金流量表，以及主要會計政策概要及其他附註解釋資料。

Report on the financial statements

We have audited the consolidated financial statements of The Hong Kong Mortgage Corporation Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 95 to 181, which comprise the consolidated and Company statements of financial position as at 31 December 2010, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

董事就財務報表須承擔的責任

公司董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港《公司條例》編製綜合財務報表，以令綜合財務報表作出真實而公平的反映，及落實其認為編製綜合財務報表所必要的內部控制，以使綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

Directors' responsibility for the financial statements

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

核數師的責任

我們的責任是根據我們的審計對該等綜合財務報表作出意見，並按照香港《公司條例》第141條僅向整體股東報告，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

我們已根據香港會計師公會頒佈的香港審計準則進行審計。該等準則要求我們遵守道德規範，並規劃及執行審計，以合理確定綜合財務報表是否不存在任何重大錯誤陳述。

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

審計涉及執程序以獲取有關綜合財務報表所載金額及披露資料的審計憑證。所選定的程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險。在評估該等風險時，核數師考慮與該公司編製綜合財務報表以作出真實而公平的反映相關的內部控制，以設計適當的審計程序，但目的並非對公司內部控制的有效性發表意見。審計亦包括評價董事所採用會計政策的合適性及作出會計估計的合理性，以及評價綜合財務報表的整體列報方式。

我們相信，我們所獲得的審計憑證能充足和適當地為我們的審計意見提供基礎。

意見

我們認為，該等綜合財務報表已根據香港財務報告準則真實而公平地反映公司及集團於二零一零年十二月三十一日的財務狀況，及集團截至該日止年度的溢利及現金流量，並已按照香港《公司條例》妥為編製。

羅兵咸永道會計師事務所

執業會計師

香港

二零一一年四月十二日

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2010, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong,

12 April 2011.

綜合收益表

Consolidated Income Statement

截至二零一零年十二月三十一日止年度
for the year ended 31 December 2010

		附註 Notes	2010 千港元 HK\$'000	2009 千港元 HK\$'000
利息收入	Interest income	6	1,141,383	1,338,301
利息支出	Interest expense	7	(170,802)	(300,594)
淨利息收入	Net interest income		970,581	1,037,707
其他收入	Other income	8	587,799	231,588
經營收入	Operating income		1,558,380	1,269,295
經營支出	Operating expenses	9	(171,425)	(157,836)
未計減值前的經營溢利	Operating profit before impairment		1,386,955	1,111,459
貸款減值回撥	Write-back of loan impairment allowances	12	16,663	36,837
經營溢利	Operating profit		1,403,618	1,148,296
應佔共同控制實體溢利	Share of profit of a jointly controlled entity	23	2,259	1,922
除稅前溢利	Profit before taxation		1,405,877	1,150,218
稅項	Taxation	13(a)	(172,015)	(144,186)
本年度溢利	Profit for the year		1,233,862	1,006,032
應佔溢利/(虧損)：	Profit/(loss) attributable to:			
本公司股東	Equity holders of the Company		1,233,532	1,006,469
沒控制權股東	Non-controlling interest		330	(437)
			1,233,862	1,006,032
擬派股息	Proposed dividend	16	350,000	500,000

第 102 至 181 頁所載附註為綜合財務報表的一部分。

The notes on pages 102 to 181 are an integral part of these consolidated financial statements.

綜合全面收益表

Consolidated Statement of Comprehensive Income

截至二零一零年十二月三十一日止年度
for the year ended 31 December 2010

		附註 Notes	2010 千港元 HK\$'000	2009 千港元 HK\$'000
本年度溢利	Profit for the year		1,233,862	1,006,032
其他全面收益：	Other comprehensive income:			
可供出售證券：	Available-for-sale securities:			
– 未變現收益淨額	– unrealised net gains	31	143,631	227,272
– 出售時公平值變動撥入收益表	– fair value changes transferred to income statement on disposal	31	(40,554)	(3,522)
– 稅項	– tax effect	31	(17,307)	(37,311)
– 未變現收益淨額 — 共同控制實體	– unrealised net gains – jointly controlled entity	31	163	–
– 攤銷	– amortisation	31	1,809	2,381
現金流對沖：	Cash flow hedges:			
– 直接在權益確認的對沖收益淨額	– net gains arising from hedges recognised directly in equity	31	26,340	25,126
– 撥入收益表的公平值變動	– fair value changes transferred to income statement	31	(79)	–
– 稅項	– tax effect	31	(4,333)	(4,145)
換算海外業務時產生的匯兌差額	Exchange differences on translation of foreign operations			
– 附屬公司	– subsidiary		4,309	157
– 共同控制實體	– jointly controlled entity	31	13,108	1,279
本年度其他全面收益，已扣除稅項	Other comprehensive income for the year, net of tax		127,087	211,237
本年度全面收益總額	Total comprehensive income for the year		1,360,949	1,217,269
應佔全面收益總額：	Total comprehensive income attributable to:			
本公司股東	Equity holders of the Company		1,360,188	1,217,707
沒控制權股東	Non-controlling interest		761	(438)
			1,360,949	1,217,269

第 102 至 181 頁所載附註為綜合財務報表的一部分。

The notes on pages 102 to 181 are an integral part of these consolidated financial statements.

綜合財務狀況表

Consolidated Statement of Financial Position

於二零一零年十二月三十一日
as at 31 December 2010

		附註 Notes	2010 千港元 HK\$'000	2009 千港元 HK\$'000
資產	ASSETS			
現金及短期資金	Cash and short-term funds	17	5,902,649	4,067,798
應收利息及匯款	Interest and remittance receivables	18	657,150	710,530
衍生金融工具	Derivative financial instruments	19	1,396,621	1,317,375
貸款組合淨額	Loan portfolio, net	20	35,258,937	43,788,716
證券投資：	Investment securities:			
– 可供出售	– available-for-sale	21(a)	3,403,966	3,613,064
– 持有至到期	– held-to-maturity	21(b)	8,033,133	5,817,998
共同控制實體投資	Investment in a jointly controlled entity	23	130,720	115,190
固定資產	Fixed assets	24	17,252	21,257
預付款項、按金及其他資產	Prepayments, deposits and other assets	25	27,659	32,595
再保險資產	Reinsurance assets	27	204,891	266,101
資產總值	Total assets		55,032,978	59,750,624
負債	LIABILITIES			
應付利息	Interest payable		493,553	445,787
應付賬項、應付開支及 其他負債	Accounts payable, accrued expenses and other liabilities	26	4,291,137	4,274,177
衍生金融工具	Derivative financial instruments	19	44,372	158,246
應付稅項	Tax payable	13(b)	133,560	138,329
遞延稅項負債	Deferred tax liabilities	13(b)	37,167	15,209
保險負債	Insurance liabilities	27	1,773,665	1,462,318
已發行債務證券	Debt securities issued	28	39,127,735	44,495,073
已發行按揭證券	Mortgage-backed securities issued	29	1,529,749	2,020,394
負債總額	Total liabilities		47,430,938	53,009,533
權益	EQUITY			
權益持有人應佔	Capital and reserves attributable to the equity holders:			
股本及儲備：				
股本	Share capital	30	2,000,000	2,000,000
保留溢利	Retained profits		4,561,624	3,925,694
風險儲備	Contingency reserve	31	437,435	189,833
公平值儲備	Fair value reserve	31	255,191	167,449
對沖儲備	Hedging reserve	31	(23,757)	(45,685)
匯兌儲備	Translation reserve	31	9,866	(7,120)
擬派股息	Proposed dividend	16	350,000	500,000
			7,590,359	6,730,171
沒控制權股東的權益	Non-controlling interest in equity		11,681	10,920
權益總額	Total equity		7,602,040	6,741,091
權益及負債總額	Total equity and liabilities		55,032,978	59,750,624

董事局已於二零一一年四月十二日批准及授權刊行。 Approved and authorised for issue by the Board of Directors on 12 April 2011.

陳德霖 Norman T. L. Chan
副主席 Deputy Chairman

彭醒棠 Pang Sing Tong, Peter
執行董事 Executive Director

第102至181頁所載附註為綜合財務報表的一部分。

The notes on pages 102 to 181 are an integral part of these consolidated financial statements.

財務狀況表

Statement of Financial Position

於二零一零年十二月三十一日
as at 31 December 2010

		附註 Notes	2010 千港元 HK\$'000	2009 千港元 HK\$'000
資產	ASSETS			
現金及短期資金	Cash and short-term funds	17	5,769,509	3,924,752
應收利息及匯款	Interest and remittance receivables	18	645,232	698,809
衍生金融工具	Derivative financial instruments	19	1,372,522	1,273,102
貸款組合淨額	Loan portfolio, net	20	31,392,398	40,817,163
證券投資：	Investment securities:			
– 可供出售	– available-for-sale	21(a)	3,403,966	3,613,064
– 持有至到期	– held-to-maturity	21(b)	8,033,133	5,817,998
附屬公司投資	Investment in subsidiaries	22	3,205,632	1,733,580
共同控制實體投資	Investment in a jointly controlled entity	23	120,554	120,554
固定資產	Fixed assets	24	15,980	19,000
預付款項、按金及其他資產	Prepayments, deposits and other assets	25	29,220	36,681
再保險資產	Reinsurance assets	27	204,891	266,101
資產總值	Total assets		54,193,037	58,320,804
負債	LIABILITIES			
應付利息	Interest payable		491,231	442,217
應付賬項、應付開支及其他負債	Accounts payable, accrued expenses and other liabilities	26	4,792,266	4,910,949
衍生金融工具	Derivative financial instruments	19	44,372	158,246
應付稅項	Tax payable	13(b)	134,532	131,850
遞延稅項負債	Deferred tax liabilities	13(b)	37,167	15,213
保險負債	Insurance liabilities	27	1,773,665	1,462,318
已發行債務證券	Debt securities issued	28	39,405,886	44,495,073
負債總額	Total liabilities		46,679,119	51,615,866
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	30	2,000,000	2,000,000
保留溢利	Retained profits		4,495,212	3,893,341
風險儲備	Contingency reserve	31	437,435	189,833
公平值儲備	Fair value reserve	31	255,028	167,449
對沖儲備	Hedging reserve	31	(23,757)	(45,685)
擬派股息	Proposed dividend	16	350,000	500,000
權益總額	Total equity		7,513,918	6,704,938
權益及負債總額	Total equity and liabilities		54,193,037	58,320,804

董事局已於二零一一年四月十二日批准及授權刊行。 Approved and authorised for issue by the Board of Directors on 12 April 2011.

陳德霖 **Norman T. L. Chan**

副主席 Deputy Chairman

彭醒棠 **Pang Sing Tong, Peter**

執行董事 Executive Director

第102至181頁所載附註為綜合財務報表的一部分。

The notes on pages 102 to 181 are an integral part of these consolidated financial statements.

綜合權益變動表

Consolidated Statement of Changes in Equity

截至二零一零年十二月三十一日止年度
for the year ended 31 December 2010

		本公司股東應佔 Attributable to equity holders of the Company				沒控制 權股東 Non- controlling interest	合計 Total
	附註 Notes	股本 Share capital 千港元 HK\$'000	保留溢利 Retained Profits * 千港元 HK\$'000	其他儲備 Other reserves 千港元 HK\$'000		千港元 HK\$'000	千港元 HK\$'000
於二零零九年一月一日結餘	Balance as at 1 January 2009	2,000,000	3,735,513	26,951	-	5,762,464	
本年度溢利/(虧損)	Profit/(loss) for the year	-	1,006,469	-	(437)	1,006,032	
可供出售證券的公平值收益淨額，已扣除稅項	Net fair value gains of available-for-sale securities, net of tax	31	-	188,820	-	188,820	
現金流對沖的變動淨額，已扣除稅項	Net change in cash flow hedges, net of tax	31	-	20,981	-	20,981	
換算海外業務時產生的匯兌差額	Exchange differences on translation of foreign operations						
- 附屬公司	- subsidiary	31	-	158	(1)	157	
- 共同控制實體	- jointly controlled entity	31	-	1,279	-	1,279	
本年度全面收益總額	Total comprehensive income for the year	-	1,006,469	211,238	(438)	1,217,269	
沒控制權股東注資	Capital injection by non-controlling interest	-	-	-	11,358	11,358	
由保留溢利撥入已滿期風險保費淨額的50%至風險儲備	Transfer of 50% of net risk premium earned from retained profits to contingency reserve	31	-	(76,313)	76,313	-	-
撥回風險儲備至保留溢利	Release of contingency reserve to retained profits	31	-	10,025	(10,025)	-	-
已付二零零八年股息	Dividend paid related to 2008	-	(250,000)	-	-	(250,000)	
於二零零九年十二月三十一日結餘	Balance as at 31 December 2009	2,000,000	4,425,694	304,477	10,920	6,741,091	
本年度溢利	Profit for the year	-	1,233,532	-	330	1,233,862	
可供出售證券的公平值收益淨額，已扣除稅項	Net fair value gains of available-for-sale securities, net of tax	31	-	87,742	-	87,742	
現金流對沖的變動淨額，已扣除稅項	Net change in cash flow hedges, net of tax	31	-	21,928	-	21,928	
換算海外業務時產生的匯兌差額	Exchange differences on translation of foreign operations						
- 附屬公司	- subsidiary	31	-	3,878	431	4,309	
- 共同控制實體	- jointly controlled entity	31	-	13,108	-	13,108	
本年度全面收益總額	Total comprehensive income for the year	-	1,233,532	126,656	761	1,360,949	
由保留溢利撥入已滿期風險保費淨額的50%至風險儲備	Transfer of 50% of net risk premium earned from retained profits to contingency reserve	31	-	(260,282)	260,282	-	-
撥回風險儲備至保留溢利	Release of contingency reserve to retained profits	31	-	12,680	(12,680)	-	-
已付二零零九年股息	Dividend paid related to 2009	-	(500,000)	-	-	(500,000)	
於二零一零年十二月三十一日結餘	Balance as at 31 December 2010	2,000,000	4,911,624	678,735	11,681	7,602,040	

* 於二零一零年十二月三十一日，已從保留溢利中劃撥350,000,000港元(二零零九年：500,000,000港元)作為擬派末期股息。

* As at 31 December 2010, HK\$350 million (2009: HK\$500 million) was earmarked as proposed final dividend from retained profits.

第102至181頁所載附註為綜合財務報表的一部分。

The notes on pages 102 to 181 are an integral part of these consolidated financial statements.

綜合現金流量表

Consolidated Statement of Cash Flows

截至二零一零年十二月三十一日止年度
for the year ended 31 December 2010

	附註 Notes	2010 千港元 HK\$'000	2009 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	1,403,618	1,148,296
就以下各項作出的調整：	Adjustment for:		
利息收入	Interest income	(1,151,373)	(1,334,981)
利息支出	Interest expense	116,949	254,642
股息收入	Dividend income	(43,595)	(42,224)
折舊	Depreciation	12,928	10,890
已發行債務證券折讓攤銷	Amortisation of discount on debt securities issued	53,853	45,952
貸款減值回撥	Write-back of loan impairment allowances	(16,663)	(36,837)
扣除收回貸款後撇銷的貸款組合	Loan portfolio written off net of recoveries	4,760	634
減值折現回撥	Unwind of discount on impairment	(79)	(322)
可供出售證券轉作持有至到期證券時的未變現虧損攤銷	Amortisation of unrealised loss on available-for-sale securities transferred to held-to-maturity securities	1,809	2,381
證券投資溢價/(折讓)攤銷	Amortisation of premium/(discount) on investment securities	8,181	(5,701)
出售可供出售證券收益淨額	Net gain on disposal of available-for-sale securities	(64,752)	(5,277)
金融工具公平值變動	Change in fair value of financial instruments	4,832	35,534
根據現金流對沖換算金融資產變動	Change in translation of financial assets under cash flow hedge	26,340	25,126
撥入收益表現現金流對沖的公平值變動	Fair value changes of cash flow hedge transferred to income statement	(79)	—
已收利息	Interest received	1,123,624	1,361,663
已付利息	Interest paid	(69,183)	(278,820)
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	1,411,170	1,180,956
於三個月後到期的定期存款(增加)/減少	(Increase)/decrease in time deposits with more than three months' maturity	(1,117,896)	88,971
應收匯款減少	Decrease in remittance receivables	81,129	597,273
預付款項、按金及其他資產減少	Decrease in prepayments, deposits and other assets	3,438	630
貸款組合減少	Decrease in loan portfolio	8,541,761	7,007,921
應付賬項、應付開支及其他負債增加	Increase in accounts payable, accrued expenses and other liabilities	16,960	90,484
保險負債淨額增加	Increase in insurance liabilities, net	372,557	635,919
外幣匯兌差額	Exchange differences	(6,535)	(2,848)
經營所得現金	Cash generated from operation	9,302,584	9,599,306
已付香港利得稅	Hong Kong profits tax paid	(176,466)	(51,066)
經營業務所得現金淨額	Net cash generated from operating activities	9,126,118	9,548,240

		附註 Notes	2010 千港元 HK\$'000	2009 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	24	(8,866)	(17,845)
購買可供出售證券	Purchase of available-for-sale securities	21(a)	(4,263,000)	(3,134,672)
購買持有至到期證券	Purchase of held-to-maturity securities	21(b)	(4,341,842)	(2,923,038)
出售或贖回可供出售證券所得款項	Proceeds from sale or redemption of available-for-sale securities		4,644,210	1,813,456
贖回持有至到期證券所得款項	Proceeds from redemption of held-to-maturity securities	21(b)	2,130,621	2,731,226
應收共同控制實體款項減少	Decrease in amount due from a jointly controlled entity		–	1,543
已收可供出售證券股息	Dividend received from available-for-sale securities		45,093	39,554
投資活動所用現金淨額	Net cash used in investing activities		(1,793,784)	(1,489,776)
融資前現金流入淨額	Net cash inflows before financing		7,332,334	8,058,464
融資活動所得現金流量	Cash flows from financing activities			
外匯基金墊款所得款項	Proceeds from advance from Exchange Fund		–	57,000,000
償還外匯基金墊款	Repayment of advance from Exchange Fund		–	(65,000,000)
發行債務證券所得款項	Proceeds from issue of debt securities	28	8,193,535	22,060,740
贖回已發行債務證券	Redemption of debt securities issued	28	(13,838,443)	(19,645,595)
已發行按揭證券還款	Repayment of mortgage-backed securities issued	29	(470,471)	(1,171,456)
沒控制權股東注資	Capital injection by non-controlling interest		–	11,358
已付股息	Dividend paid	16	(500,000)	(250,000)
融資活動所用現金淨額	Net cash used in financing activities		(6,615,379)	(6,994,953)
現金及等同現金項目增加淨額	Net increase in cash and cash equivalents		716,955	1,063,511
年初現金及等同現金項目	Beginning cash and cash equivalents		3,828,119	2,764,608
年終現金及等同現金項目	Ending cash and cash equivalents	17	4,545,074	3,828,119

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」）的綜合財務報表乃按照由香港會計師公會（「香港會計師公會」）頒佈的香港財務報告準則（「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（「香港財務報告準則」）、香港會計準則（「香港會計準則」）及詮釋）、香港公認的會計原則，以及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，並已就可供出售證券投資、以公平值列賬的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，編製此等綜合財務報表所應用的主要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重大會計估計，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。

2. 主要會計政策

2.1 採納香港財務報告準則

(a) 於二零一零年一月一日或以後生效的準則、修訂及詮釋

(i) 下列準則、修訂及詮釋於二零一零年生效，並與本集團相關：

- 香港會計準則第27號（經修訂）綜合及獨立財務報表，要求如控制權不變，而此等交易將不再產生商譽或損益，則集團與沒控制權股東之間的所有交易的影響必須在權益中呈列。該準則亦指明失去控制權時之會計處理方式。持有該公司之餘下權益按公平值重新計量，而損益於損益賬中確認。應用此經修訂的會計準則，對本集團的財務報表並沒有影響。

1. Basis of preparation

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

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

The principal accounting policies and 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. Significant accounting policies

2.1 Adoption of HKFRSs

(a) Standards, amendments and interpretations effective on or after 1 January 2010

(i) The following standards, amendments and interpretations effective in 2010, which are relevant to the Group:

- HKAS 27 (revised) Consolidated and Separate Financial Statements requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The adoption of the revised standard has no effect on the financial statements of the Group.

- 香港會計準則第39號(修訂本)現金流量對沖會計處理，訂明在被對沖的預期現金流影響當期損益時，應將相關收益或虧損從權益轉入損益。此修訂對本集團的財務報表沒有重大影響。
 - 香港會計準則第39號(修訂本)將提早償還貸款罰款列作緊密相關的衍生工具，該修訂澄清，如果罰款乃是補償貸款借出人的利息損失，以降低因再投資風險而產生的經濟損失，則可被列為是緊密相關的嵌入式衍生工具。利息損失以特定公式計算。此修訂對本集團的財務報表並沒有重大影響。
 - 香港(國際財務報告詮釋委員會)－詮釋第9號重估嵌入式衍生工具，及香港會計準則第39金融工具：金融工具的確證及其計量，要求企業將混合金融資產從以公平值記入損益帳類重新劃分為其他類別時，對是否須將嵌入衍生工具從主合同中分拆出來作出評估。該評估應在企業成為合同的一方或合同條款發生變化使合同現金流量產生重大改變時進行(兩者以較後者為準)。倘企業無法作出該評估，則混合工具須整項繼續分類為按公平值記入損益賬。此修訂對本集團的財務報表，並沒有重大影響。
- (ii) 下列準則、修訂及詮釋於二零一零年生效，但現時不適用於本集團(儘管可能會影響未來交易的會計處理)：
- 香港財務報告準則第2號(修訂本)集團以股份為基礎按現金支付的交易。
 - 香港財務報告準則第3號(經修訂)企業合併與及隨後對香港會計準則第27號綜合及獨立財務報表，香港會計準則第28號聯營公司的投資及香港會計準則第31號於合營公司的權益之修訂。
 - 香港財務報告準則第5號(修訂本)持有待售的非流動資產和已終止業務。
 - HKAS 39 (amendment) Cash Flow Hedge Accounting clarifies that gains or losses should be reclassified from equity to profit or loss in the period in which the hedged forecast cash flow affects profit or loss. There is no material impact to the financial statements of the Group as a result of this amendment.
 - HKAS 39 (amendment) Treating Loan Prepayment Penalties as closely related derivatives clarifies that loan prepayment penalties are only treated as closely related embedded derivatives, if the penalties are payments that compensate the lender for loss of interest by reducing the economic loss from reinvestment risk. A specific formula is given to calculate the lost interest. There is no material impact to the financial statements of the Group as a result of this amendment.
 - HK(IFRIC) – Int 9 Reassessment of Embedded Derivatives and HKAS 39 Financial Instruments: Recognition and Measurement requires an entity to assess whether an embedded derivative should be separated from a host contract when the entity reclassifies a hybrid financial asset out of the ‘fair value through profit or loss’ category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. If the entity is unable to make this assessment, the hybrid instrument must remain classified as at fair value through profit or loss in its entirety. There is no material impact to the financial statements of the Group as a result of this amendment.
- (ii) The following standards, amendments and interpretations effective in 2010, are not currently relevant to the Group (although they may affect the accounting for future transactions):
- HKFRS 2 (amendment) Group Cash-settled Share-based Payment Transactions.
 - HKFRS 3 (revised) Business Combinations, and consequential amendments to HKAS 27 Consolidated and Separate Financial Statements, HKAS 28 Investments in Associates, and HKAS 31 Interests in Joint Ventures.
 - HKFRS 5 (amendment) Non-current Assets Held for Sale and Discontinued Operations.

- 香港會計準則第1號(修訂本)財務報表之呈列。
- 香港會計準則第17號(修訂本)租賃。
- 香港會計準則第38號(修訂本)無形資產。
- 香港會計準則第39號(修訂本)合資格對沖項目。
- 香港(國際財務報告詮釋委員會)－詮釋第16號 境外業務投資淨額對沖。
- 香港(國際財務報告詮釋委員會)－詮釋第17號 向擁有人分派非現金資產。
- 香港(國際財務報告詮釋委員會)－詮釋第18號 轉讓自客戶資產。
- 香港－詮釋第5號 財務報表之呈列－借款人對包含須應要求還款條款之定期貸款的分類。
- 香港財務報告準則之改良，包括許多香港會計師公會認為是非迫切但有需要的多項修訂。

(b) 已頒佈但尚未生效的準則、修訂及詮釋

- (i) 以下已頒佈但在二零一零年一月一日起的財政年度尚未生效的新準則及修訂與本集團相關，而本集團也沒有提前應用此等新準則及修訂。

- 香港財務報告準則第9號金融工具，於二零零九年十一月頒佈，取代香港會計準則第39號內金融資產分類及計量的部分。主要特點如下：

金融資產須分類為兩種計量類別：一種是其後按公平值計量的金融資產，另一種是其後按攤銷成本計量的金融資產。計量類別乃於初始確認時按該公司管理其金融工具的業務模式以及該工具的合約現金流量特徵而釐定。

僅在金融工具為債務工具，且公司的業務模式旨在持有該資產以收取合約現金流量，而資產的合約現金流量僅代表本金及利息付款（即僅具有「基本借款特性」）的情況下，該金融工具其後方會按攤銷成本計量。所有其他債務工具的計量均按公平值計入損益。

- HKAS 1 (amendment) Presentation of Financial Statements.
- HKAS 17 (amendment) Leases.
- HKAS 38 (amendment) Intangible Assets.
- HKAS 39 (amendment) Eligible Hedged Items.
- HK (IFRIC) – Int 16 Hedges of a Net Investment in a Foreign Operations.
- HK (IFRIC) – Int 17 Distribution of Non-cash Assets to Owners.
- HK (IFRIC) – Int 18 Transfers of Assets from Customers.
- HK – Int 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause.
- Improvements to HKFRS containing numerous amendments to HKFRS which the HKICPA consider non-urgent but necessary.

(b) Standards, amendments and interpretations issued but not yet effective

- (i) The following new standard and amendments relevant to the Group have been issued but not effective for the financial year beginning on 1 January 2010 and have not been early adopted:

- HKFRS 9 Financial Instruments was issued in November 2009 and replaces those parts of HKAS 39 relating to the classification and measurement of financial assets. Key features are as follows:

Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

An instrument is subsequently measured at amortised cost only if it is a debt instrument and both the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represent only payments of principal and interest (that is, it has only 'basic loan features'). All other debt instruments are to be measured at fair value through profit or loss.

所有權益工具其後按公平值計量。持作買賣的權益工具將透過損益按公平值計量。對於所有其他權益工具，可於初始確認時作出不可撤回選擇，以透過其他全面收益而非損益確認未變現及已變現的公平值收益及虧損。公平值收益及虧損並不會重新計入損益。此項選擇可按個別工具作出。倘股息為投資回報，則須於損益帳內呈列。

於二零一零年十一月香港財務報告準則第9號頒佈有關金融負債的分類和計量、與及終止確認金融工具方面之新增規定。除有關於金融負債透過公平價值選擇以公平值記入損益外，所有於香港會計準則第39號中有關於金融負債之記賬、呈列及終止確認金融工具之規定，均於香港財務報告準則第9號保持不變。

就按金融負債透過公平價值選擇以公平值記入損益而言，由於負債的信貨風險改變而引致金融負債公平值金額的變動，必須獨立列示於其他全面收入。除非於其他全面收益中呈列這項變動的影響，會於損益中造成或擴大會計錯配，則企業應把公平值金額的變動於損益賬全部呈列。金額一經確認於其他全面收益，公平值盈虧將不可其後撥入損益賬內，但累計的任何收益或虧損可於權益內轉移。

金融負債，包括於損益賬計量的財務擔保和貸款承擔，倘若是須要以公平價值於損益賬計量的，都仍需繼續把所有公平值金額的變動確認於損益賬。

雖然香港財務報告第9號自二零一三年一月一日起強制採用，但可提早採用。

本集團正在考慮準則的規定，包括香港財務報告第9號的其他部份，對本集團的影響，以及本集團應用該準則的時間。

All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity instruments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent return on investment.

In November 2010, the requirements related to the classification and measurement of financial liabilities and derecognition of financial instruments were added to HKFRS 9. All the requirements in HKAS 39 for the accounting and presentation for financial liabilities and for derecognition of financial instruments were carried forward unchanged to HKFRS 9, except for financial liabilities that are designated at fair value through profit or loss using the fair value option.

For the financial liabilities designated at fair value through profit or loss using the fair value option, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented separately in other comprehensive income, unless presentation of the fair value change attributable to the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss where an entity shall recognise all fair value movements in the profit or loss. There is no subsequent recycling of the amounts in the other comprehensive income to profit or loss, but accumulated gains or losses may be transferred within equity.

Financial liabilities that are required to be measured at fair value through profit or loss, including financial guarantees and loan commitments measured at fair value through profit or loss, will continue to have all fair value movement recognised in the profit or loss.

While adoption of HKFRS 9 is mandatory from 1 January 2013, earlier adoption is permitted.

The Group is considering the implications of the whole standard including other phases of HKFRS 9 on the Group and the timing of its adoption by the Group.

- 香港會計師公會於二零一零年五月頒佈第三次香港財務報告準則（二零一零年）之改良。該等改良將於二零一一年財務年度生效。預期該等修訂不會對會計政策有重大影響。

(ii) 以下修訂及詮釋在二零一零年尚未生效，亦預期此等修訂及詮釋與本集團並不相關。

- 香港財務報告準則第1號（經修訂）首次採納香港財務報告準則－嚴重極度通脹及剔除首次採納者的既定日期之修訂。
- 香港會計準則第12號（修訂本）遞延稅項：收回相關資產。
- 香港會計準則第32號（修訂本）供股的分類。
- 香港（國際財務報告詮釋委員會）－詮釋第19號 以權益工具消除金融負債。
- 香港（國際財務報告詮釋委員會）－詮釋第14號（修訂本）最低資金規定的預付款項。

(c) 提早應用準則

本集團於二零一零年提早應用於二零零九年十一月頒佈的香港會計準則第24號（經修訂）有關連人士披露。此修訂準則取代了二零零三年頒佈的香港會計準則第24號。有關修訂澄清及簡化有關連人士的定義，並就政府相關實體給予部分披露豁免，豁免披露與政府及其他政府相關實體的交易詳情。本集團並沒有運用政府相關實體的披露豁免。

2.2 綜合賬目

綜合財務報表包括本公司及其所有附屬公司截至十二月三十一日的財務報表。

(a) 附屬公司

附屬公司指本集團有權控制其財務及營運政策的所有公司（包括特設公司），一般為擁有該公司過半數投票權之股權。評估本集團是否控制另一公司時，會考慮現時是否存在可行使或可轉換的潛在投票權及其影響。附屬公司自控制權轉移至本集團當日起全面綜合入賬，並自該控制權終止當日終止綜合入賬。

- Third improvements to Hong Kong Financial Reporting Standards (2010) were issued in May 2010 by HKICPA. All improvements are effective in the financial year of 2011. No material changes to accounting policies are expected as a result of these amendments.

(ii) The following amendments and interpretations, which are not effective in 2010 are not expected to be relevant to the Group:

- HKFRS 1 (Revised) First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters.
- HKAS 12 (amendment) Deferred Tax: Recovery of Underlying Assets.
- HKAS 32 (amendment) Classification of Rights Issues.
- HK (IFRIC) – Int 19 Extinguishing Financial Liabilities with Equity Instruments.
- HK (IFRIC) – Int 14 (amendment) Prepayments of a Minimum Funding Requirement.

(c) Early adoption of standard

The Group has early-adopted HKAS 24 (revised) Related Party Disclosures in 2010, which was issued in November 2009. It supersedes HKAS 24 Related Party Disclosures issued in 2003. The revised standard clarifies and simplifies the definition of a related party. It also provides a partial exemption from the disclosure requirements for government-related entities to disclose details of all transactions with the government and other government-related entities. The Group has not applied the exemption from the disclosure requirements for the government-related entities.

2.2 Consolidation

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

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another 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.

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

沒控制權股東指並非由本公司直接或透過附屬公司間接所擁有權益應佔附屬公司淨資產的部份，本集團並無與該等權益持有人協定任何額外條款而導致本集團整體對符合金融負債定義的該等權益擁有合約責任。沒控制權股東在綜合財務狀況表及綜合全面收益表呈列，與本公司股東應佔權益分開呈列。沒控制權股東應佔本集團業績部分，在綜合收益表呈列為沒控制權股東與本公司之間的年度純利分配。

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賬。附屬公司之業績由本公司按已收及應收股息入本公司賬目。

(b) 與沒控制權股東之交易

本集團的政策是將與沒控制權股東之交易視為與本集團以外人士之交易。本集團向沒控制權股東出售項目而產生之盈虧在收益表列賬。向沒控制權股東購買項目所產生之商譽指任何已付代價超過分佔所收購附屬公司淨資產之賬面值的差額。

(c) 共同控制實體

共同控制實體指涉及成立獨立公司且各合營方對其經濟活動有共同控制權的共同合營安排。對共同控制公司的投資以權益會計法入賬，首先以成本確認。

本集團應佔共同控制實體之溢利或虧損於收益表確認，而應佔儲備之增減則於儲備確認。投資賬面值會根據累積增減調整。倘本集團應佔共同控制實體之虧損等於或超過所持共同控制實體之權益（包括任何其他無抵押應收款項），則本集團不會再確認額外虧損，除非本集團有責任或已經代表共同控制實體付款。

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.

Non-controlling interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of these interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meet the definition of a financial liabilities. They are presented in the consolidated statement of financial position and consolidated statement of comprehensive income, separately from equity attributable to equity holders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the net profit for the year between non-controlling interest and equity holders of the Company.

In the Company's statement of financial position, the investment in the subsidiaries are 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.

(b) Transactions with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. Disposals to non-controlling interest result in gains and losses to the Group that are recorded in the income statement. Purchases from the non-controlling interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

(c) Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity are referred as jointly controlled entities. Investments in jointly controlled entities are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's share of its jointly controlled entities' profits or losses is recognised in the income statement, and its share of movements in reserves is recognised in reserves. The cumulative movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a jointly controlled entity equals or exceeds its interest in the entity, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the entity.

本公司財務狀況表內，於共同控制實體的投資按成本扣除減值撥備列賬。共同控制實體之業績由本公司按已收及應收股息入賬。

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

2.3 利息收入及支出

除指定為以公平值變化計入損益者外，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）內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賬面淨值的利率。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，會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。

2.3 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 except for those designated at fair value through profit or loss.

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 非利息收入

(a) 費用及佣金收入

費用及佣金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。

2.4 Non interest income

(a) Fee and commission income

Fees and commissions 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。

(b) Dividend income

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

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、持至到期的投資及可供出售金融資產。分類方式視乎購入投資的目的而定。管理層於初始確認時決定投資分類。

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 financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

(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首次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

(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

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
- (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。
- (iii) 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的所持有債務證券等金融資產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、並無活躍市場報價之非衍生金融資產，且本集團無意即時或於短期內買賣有關貸款及應收款項。

(c) 持至到期投資

持至到期投資為有固定或可確定還款額及還款期的非衍生金融資產，且本集團管理層有明確意向及能力持至到期。若本集團出售非重大數額之持至到期資產，則整個資產類別將受影響並重新分類至可供出售資產。

(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金融投資。可供出售投資為無限定期持有時間的投資，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。

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) 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.
- (iii) Financial assets, such as debt securities held, containing one or more embedded derivatives significantly modify the cash flows, are 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. If the Group was to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale.

(d) Available-for-sale

Available-for-sale investments are non-derivative financial investments 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.

金融資產的買賣於交收日確認。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步按公平值確認，而交易成本則在收益表列作支出。在該等金融資產取得現金流量的權利完結或本集團已轉讓所有權的大體上全部風險及回報時，會終止對該等金融資產之確認。

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賬。貸款及應收款項及持至到期的投資則採用實際利息法以攤銷成本列賬。「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權益中直接確認，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。

以外幣列值及分類為可供出售的貨幣證券的公平值變動按有關證券的攤銷成本與證券賬面值的其他變動之間產生的換算差額計算。貨幣證券的換算差額於收益表確認，非貨幣證券的換算差額於權益確認。歸類為可供出售的貨幣及非貨幣證券的公平值於權益確認。

於交投活躍市場報價之投資的公平值按現時買入價計算。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。

2.6 金融資產減值

(a) 以攤銷成本列賬之資產

本集團於各呈報期末評估有沒有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（「損失事件」）以致出現減值之客觀證據，且該宗（或該

Purchases and sales of financial assets are recognised on settlement date. 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. 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.

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 directly in equity, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in equity should be recognised in 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.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the securities and other changes in the carrying amount of the securities. The translation differences on monetary securities are recognised in income statement; translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity.

The fair value of quoted investments in active markets are based on current bid prices. 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.

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

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，則該金融資產或一組金融資產將視作減值及出現減值虧損。顯示個別或一組金融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；
- 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；
- 借款人可能面臨破產或其他財務重組；
- 因財政困難致使金融資產之活躍市場消失；或
- 可察覺的資料顯示初步確認某一金融資產組合產生時的未來預計現金流將較最初確認有可量度下降，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：
 - 該組合的供款人之還款狀況有不利轉變；或
 - 該組合資產之逾期還款相關之經濟狀況。

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。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賬之貸款及應收款或持至到期投資出現減值虧損，則虧損額將以資產賬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。資產的賬面值通過撥備賬目而調減，虧損金額

that occurred after the initial recognition of the asset (a “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;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- 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

則於收益表確認。倘貸款或持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。倘有實際需要，本集團可採用可供觀察的市價按金融工具公平值計量減值。

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，不論是否可能取消贖回權。

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經驗所依據的該期間產生影響的現有狀況的影響，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，將用於減抵收益表中之減值虧損。

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賬目撥回。回撥的金額於收益表內確認。

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. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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.

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) 以公平值列賬的資產

本集團在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。如可供出售金融資產存在該等證據，其累計虧損（即收購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金融資產之債務工具的公平值增加，並與確認減值後發生之事件有客觀聯繫，則有關減值虧損將於收益表回撥。

(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則不再視為逾期，而作為已重組貸款處理。

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債務證券，包括：(i) 根據債務工具發行計劃（「債務工具計劃」）發行的債券及可轉讓貸款證；(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（「零售債券發行計劃」）向零售投資者發售的債券；及 (iii) 根據中期債券計劃發行的債券（「中期債券」）。特設公司透過按揭證券化計劃及 Bauhinia 按揭證券化計劃發行的按揭證券（「按揭證券」）於綜合處理特設公司時在財務狀況表入賬為已發行按揭證券。該等債券（包括按揭證券）初步指定為金融負債：(i) 以公平值變化計入損益或 (ii) 其他金融負債。

當債券（包括已發行嵌入式衍生工具的債券）被界定為公平值對沖之對沖項目，且初始分類時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。

指定為其他金融負債的債券初始按成本計量，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賬，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。

(b) Assets carried at fair value

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is 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 a debt 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 is reversed through the income statement.

(c) Renegotiated loans

Loans that are either subject to collective impairment assessment or individually significant and whose terms have been renegotiated are no longer considered to be past due but are treated as renegotiated loans.

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 and Transferable Loan Certificates 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 Programme (“MTN”). The Mortgage-Backed Securities (“MBS”) issued by the SPEs through the MBS Programme and Bauhinia MBS Programme are recorded as mortgage-backed securities issued in the statement of financial position on consolidation of the SPEs. These notes (including MBS) 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 hedged items under a fair value hedge and 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.

The notes designated as other financial liabilities are initially recognised at cost, 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.

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

2.8 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的報價釐定，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，均作為資產入賬；而當公平值為負數時，則作為負債入賬。

除非在通過與相同工具（不經修改或重新包裝）之其他可觀察當前市場交易相比較，或根據變數僅包括可觀察市場數據的估值方法，以證明工具的公平值，否則於初始確認時，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）。當存在該證據時，本集團會即日確認溢利。

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。

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：(1) 對沖已確認資產或負債或落實承擔的公平值（公平值對沖）；或(2) 對沖已確認資產或負債所產生極有可能的未來現金流量或預期交易（現金流對沖）。在符合若干條件的情況下，以此方法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相關對沖項目之關係、風險管理目的以及進行各類對沖交易時所採取策略。本集團亦於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相關對沖項目之公平值或現金流量變動，並作出記錄。

(a) 公平值對沖

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對沖資產或負債之公平值變動，一併於收益表內記錄。

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 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 quoted 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.

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) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group recognises profits on day 1.

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.

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.

倘對沖不再符合對沖會計處理的標準，則會按實際利息法計算對沖項目之賬面值調整，將於直至到期日之期間攤銷至收益表。

(b) 現金流對沖

指定為且合資格列為現金流對沖之衍生工具的公平值變動的有效對沖部分於權益中確認。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。

於對沖工具到期或出售或不再符合對沖會計處理標準時，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) 以公平值變化計入損益的衍生工具

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

2.9 對銷金融工具

如金融資產及負債具有法定權利可抵銷確認金額及有計劃按淨額結算，或同時變賣資產以清償負債，則該金融資產及金融負債可互相抵銷，而兩者之淨額列於財務狀況表內。

2.10 收回資產

收回抵押資產作為持作出售資產列賬，並於「其他資產」項下呈報，相關貸款則終止確認。收回抵押資產按賬面值或公平值減銷售成本之較低者計量。

2.11 分類呈報

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。

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 equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled to the income statement in the periods in which the hedged item will affect income statement.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(c) Derivatives at fair value through profit or loss

Derivative instruments entered into as economic hedges that do not qualify for hedge accounting are held at fair value through profit or loss. Changes in the fair value of any derivative instrument are recognised immediately in the income statement.

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.10 Repossessed assets

Reposessed collateral assets are accounted as assets held for sale and reported in "Other assets" and the relevant loans are derecognised. The reposessed collateral assets are measured at lower of carrying amount and fair value less costs to sell.

2.11 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the Chief Executive Officer as its chief operating decision maker.

釐定分類業績時已計入與各分類直接相關的收入。資金成本以內部資金轉讓定價機制分配至各分類。成本分配乃基於各分類產生的直接成本及管理間接開支分配。

Income directly associated with each segment is included in determining segment performance. Funding costs are allocated to each segment by way of internal fund transfer pricing mechanisms. Cost allocation is based on the direct costs incurred by the respective segment and apportionment of management overheads.

2.12 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。綜合財務報表以本公司之功能及呈列貨幣港元呈列。

(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結算以年終匯率換算的外幣計值的貨幣資產及負債而產生的匯兌盈虧在收益表確認，惟在權益中遞延入賬之合資格現金流對沖除外。

持有以公平值變化計入損益的非貨幣項目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項目的換算差額計入權益的公平值儲備。

(c) 集團旗下公司

所有功能貨幣與呈列貨幣不同的集團公司（概無嚴重通脹經濟之貨幣），其業績及財務狀況按如下方法換算為呈列貨幣：

- 各財務狀況表內所呈報的資產及負債按財務狀況表之報告日期的收市匯率換算；
- 各收益表內的收支按平均匯率換算（倘此平均值並非該等交易日期當時匯率的累計效果之合理約數，則收支按交易日期的匯率換算）；及
- 所有由此產生的匯兌差額於其他全面收益內確認。
- 上述方式產生的匯兌差額於股東權益中呈報為匯兌儲備。
- 綜合賬目時，換算境外實體的投資淨額以及換算借款及其他指定用於對沖該等投資的貨幣工具所產生的

2.12 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and 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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges.

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

(c) Group companies

The results and financial position of all the Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.
- Exchange differences arising from the above process are reported in shareholders' equity as translation reserve.
- On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such

匯兌差額計入其他全面收益。當出售全部或部份境外業務時，匯兌差額於綜合收益表確認為出售盈虧的一部份。

2.13 固定資產

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

該項目的其後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，方可計入資產賬面值或確認為獨立資產（倘適用）。遭替換部分的賬面值終止確認。所有其他維修及保養開支均於彼等產生之財務期間自收益表確認。

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計算：

租賃物業裝修	按租約尚未屆滿的期間
傢俬及裝置	按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。

出售損益按所得款項與賬面值的差額於收益表確認。

2.14 於附屬公司、共同控制實體的投資及其他非金融資產的減值

未釐定可使用年期或尚不可使用的資產毋須攤銷，但會每年測試有否減值。須作出攤銷的資產於出現其賬面值可能無法收回的事件或情況變動時則會評估資產有否減值。倘資產賬面值超出其可收回金額，則資產賬面值即時撇減至其可收回金額。可收回金額為資產公平值扣減銷售成本或使用價值之較高者為準。

2.15 遞延所得稅

遞延所得稅採用負債法按資產及負債的稅基與綜合財務報表所呈列賬面值之暫時差額作全數撥備。遞延稅項採用各呈報期末前已頒佈或實際頒佈並預期在相關遞延所得稅資產變現或遞延所得稅負債結算時適用之稅率釐定。

investments, are taken to other comprehensive income. When a foreign operation is disposed of, or partially disposed of, such exchange differences are recognised in the consolidated income statement as part of the gain or loss on sale.

2.13 Fixed assets

Fixed assets are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

Leasehold improvements	over the unexpired period of the lease
Furniture and fixtures	over the unexpired period of the lease
Computer	3 years
Office equipment	3 years
Motor vehicle	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gain and loss on disposal is determined by comparing proceeds with carrying amount. It is included in the income statement.

2.14 Impairment of investment in subsidiaries, jointly controlled entity, and other non-financial assets

Assets that have an indefinite useful life or are not yet available for use are not subject to amortisation, but are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

2.15 Deferred income tax

Deferred income 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 income tax is determined using tax rates that have been enacted or substantially enacted by the end of the reporting period are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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。遞延所得稅就投資附屬公司而產生的暫時差額而撥備，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則除外。

應付所得稅於溢利產生當期確認為支出。可結轉的所得稅虧損的稅務影響於該等虧損可用於抵銷日後應課稅溢利時確認為資產。

與可供出售投資及現金流對沖的公平值重新計量相關的遞延稅項直接在權益中扣除或計入權益，其後連同遞延盈虧在收益表中確認。

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income 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 reverse in the foreseeable future.

Income tax payable on profits is recognised as an expense in the period in which profits arise. The tax effects of income tax losses available for carry-forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

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

2.16 僱員福利

(a) 僱員可享有的假期

僱員所享年假及長期服務假期於計算僱員有關假期時確認。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列為應計項目。

僱員可享有的病假、產假及陪產假，於僱員休假時確認。

(b) 花紅計劃

本公司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。本公司根據合約責任或過往經驗建立推定責任時，確認有關花紅撥備。

(c) 退休金承擔

本公司為僱員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公司供款。

本公司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，僱員於全數享有應得僱主供款前退出該計劃而被沒收的僱主供款部分用於扣減僱主目前供款負擔。

2.16 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave and long-service 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 Company recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit after certain adjustments. The Company recognises a provision where contractually obliged or where there is a past practice that has created constructive obligations.

(c) Pension obligations

The Company 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 Company.

The Company's contributions to the mandatory provident fund scheme and defined contribution scheme are expensed as incurred and are reduced by the portion of employer contributions being forfeited by those employees who leave the scheme prior to full vesting of the employer contributions.

(d) 終止利益

倘於正式退休日期前終止僱傭關係，或倘僱員接受自願離職換取利益，則本公司應付終止利益。倘本公司明確承諾根據一項不可撤回的周詳正式計劃終止僱用現有僱員，或為鼓勵自願離職而提供終止利益時，則確認終止利益。於各呈報期末後超過十二個月到期的利益會折現至現值。

2.17 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。

撥備按預期償付責任所需開支按除稅前比率（反映當前市場對責任特定之貨幣時間值及風險之評估）計算之現值計量。

2.18 租約**(a) 經營租約**

經營租約指由出租人承擔資產擁有權絕大部份風險及回報之租約。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賬。減值撥備按附註2.6所載會計政策列賬。

(d) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of each reporting period date are discounted to present value.

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events where it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

2.18 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.

2.19 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、銀行及其他金融機構的結存。

2.20 按揭保險合約

本集團的按揭保險業務根據年度會計基準入賬。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。扣除折扣後的毛保費包括向再保險公司支付再保險保費、本集團應收風險保費及供款管理費。保險費淨額於保險生效期間之時間比例確認為收入。

未賺取保費為各呈報期末後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、已申索但未報告及虧損儲備作撥備。至於分擔風險業務方面，根據有關監管指引及在董事認為適當的情況下，將一年內已滿期風險保費淨額的50%，於一段合理時間內，預留作為風險儲備。期內可自風險儲備撤回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一般儲備。

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。

2.19 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash, balances with banks and other financial institutions.

2.20 Mortgage insurance contracts

The mortgage insurance business 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 the Authorized Institutions as defined in accordance with Banking Ordinance during an accounting period. The gross premiums after deduction of discounts, include the reinsurance premiums to be paid to the approved reinsurers, the risk premiums and servicing fees earned by the Group. The net premiums are recognised as income on a time-apportioned basis during the time the insurance coverage is effective.

Unearned premiums represent that portion of net premiums written which are estimated to relate to risks and services subsequent to the end of each reporting period.

Provisions are made for outstanding claims, claims incurred but not reported and loss reserve at the end of each reporting period. For risk-sharing business, 50% of the net risk premiums earned in a year is set aside as a Contingency Reserve for a reasonable period of time and maintained 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 general reserve.

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.

2.21 財務擔保合約

財務擔保於發行按揭證券時向投資者作出。此等擔保乃非保險合約，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。

財務擔保初步按作出擔保當日的公平值於財務報表確認。初步確認後，本集團根據有關擔保的責任以按照香港會計準則第37號「撥備、或然負債及或然資產」釐定的金額或初步確認金額減已確認累計攤銷的較高者計量。財務擔保相關責任之任何變動於收益表處理。

2.22 股息

於呈報期末後擬派或宣派的股息作為股東權益獨立組成部分披露。

3. 財務風險管理

3.1 採用金融工具策略

本集團年內主要業務為 (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；及 (iii) 向認可機構所承造的按揭貸款及以香港住宅物業作抵押的按揭貸款，提供按揭保險。根據其性質，本集團業務主要與使用金融工具有關，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按企業級別設立，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、交易審批委員會及營運風險管理委員會）定期監控及檢討，並向企業風險管理委員會報告。

信貸委員會監察資產收購及按揭保險的信貸政策及標準。資產負債管理委員會監察經董事會批准的風險管理及投資指引的執行情況。此外，內部審核部負責獨立審查風險管理及監控狀況。最重要的風險類型為信貸風險、流動資金風險及市場風險（包括貨幣風險及利率風險）。

2.21 Financial guarantee contracts

Financial guarantees are given to investors of mortgage-backed securities issued. These are non-insurance 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 guarantees are initially recognised in the financial statements at fair value on the date that the guarantee was given. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the amount determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation recognised. Any changes in the liability relating to financial guarantees are taken to the income statement.

2.22 Dividend

Dividend proposed or declared after the end of each reporting period is disclosed as a separate component of shareholders' equity.

3. Financial risk management

3.1 Strategy in using financial instruments

The major activities of the Group during the year are (i) to purchase portfolios of mortgages or loans; (ii) to raise financing for its purchase of assets through issuance of debt securities; and (iii) to provide mortgage insurance cover to Authorized Institutions in respect of mortgage loans originated by such Authorized Institutions and secured by residential properties in Hong Kong. By their nature, the Group's activities are principally related to the use of financial instruments including cash, loans, debts and derivatives.

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Group manages the risks in a prudent manner in sustaining the Group's financial performance.

The Corporate Risk Management Committee is set up at corporate level to provide oversight of the enterprise-wide risk matters including financial and non-financial risks. The policies and limits are monitored and reviewed regularly by various management committees, including the Credit Committee, Asset and Liability Committee, Transaction Approval Committee and Operational Risk Committee which report to Corporate Risk Management Committee.

The Credit Committee oversees the credit policies and standards for asset acquisition and mortgage insurance. The Asset and Liability Committee ("ALCO") oversees the implementation of market risk management and investment guidelines approved by the Board of Directors. In addition, Internal Audit is responsible for the independent review of risk management and the control environment. The most important types of risks are credit risk, liquidity risk and market risk which includes currency risk and interest rate risk.

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。流動資金及投資證券的信貸風險有限，因為對手主要是主權國、半主權國機構、信貸評級極高的銀行及公司。

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。

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

為維持資產及按揭保險組合的質素，本集團採取四路策略：(i) 謹慎挑選核准賣方；(ii) 審慎的資產購買準則及保險申請標準；(iii) 有效的核查程序；及 (iv) 確保較高風險的資產或交易有足夠的保障。

本集團按揭貸款信貸風險並沒有高度集中，而分攤於眾多客戶及交易對手。而本集團按揭風險相關抵押品則在香港和韓國。

本集團尤其注重對問題貸款進行持續信貸審查。各業務部門將監控該等貸款，並為盡力收回款項採取如與借款人制定寬減計劃等收款行動。貸款定期進行減值評估，減值撥備根據信貸委員會批准的指引自收益表扣除。

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。該等指引定期進行審查。貸款組合的主要抵押品類型為用於加強信貸安排的物業按揭、儲備金及遞延代價。

作為除貸款組合之外的金融資產擔保持有的抵押品按工具性質確定。債務證券一般無抵押，惟抵押證券及類似工具以金融資產組合作為抵押。

至於金融工具，如衍生工具，本集團按照其投資指引及信貸風險政策為交易對手制定的風險限額予以監察。交易對手風險限

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 counterparties are mainly sovereigns, quasi-sovereign agencies, banks and companies with very high credit ratings.

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.

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

The Group has no significant concentration of credit risk on mortgage loans. Risk exposure is spread over a large number of customers and counterparties. The underlying collaterals on the Group's mortgage exposures are located in Hong Kong and Korea.

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. The principal collateral types for loan portfolio are mortgages over properties, reserve funds and deferred consideration used for credit enhancement.

Collateral held as security for financial assets other than loan portfolio is determined by the nature of the instrument. Debt securities are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial assets.

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

額由信貸風險委員會每半年定期檢討。無論於何時，信貸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，公平現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。信貸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。

結算風險存在於任何以現金、證券或股本支付並期望收取相當現金、證券或股本的情況。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。

(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：

counterparty risk limits are subject to regular review by the Credit Committee on a semi-annual basis. At any one time, the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the Group (i.e. assets where their fair value is positive), 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 credit risk exposure is managed as part of the overall credit limits with counterparties, together with potential exposures from market movements.

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) Maximum exposures to credit risk before taking account of collateral held or other credit enhancements are analysed as follows:

		本集團 The Group		本公司 The Company	
		於二零一零年 十二月三十一日 As at 31 December 2010 千港元 HK\$'000	於二零零九年 十二月三十一日 As at 31 December 2009 千港元 HK\$'000	於二零一零年 十二月三十一日 As at 31 December 2010 千港元 HK\$'000	於二零零九年 十二月三十一日 As at 31 December 2009 千港元 HK\$'000
資產：	Assets:				
現金及短期資金	Cash and short-term funds	5,902,649	4,067,798	5,769,509	3,924,752
應收利息及 匯款	Interest and remittance receivables	657,150	710,530	645,232	698,809
衍生金融工具	Derivative financial instruments	1,396,621	1,317,375	1,372,522	1,273,102
貸款組合淨額	Loan portfolio, net	35,258,937	43,788,716	31,392,398	40,817,163
證券投資：	Investment securities:				
– 可供出售債券	– available-for-sale debt securities	1,934,627	2,587,344	1,934,627	2,587,344
– 持有至到期債券	– held-to-maturity debt securities	8,033,133	5,817,998	8,033,133	5,817,998
預付款項、按金及 其他資產	Prepayments, deposits and other assets	27,659	32,595	29,220	36,681
再保險資產	Reinsurance assets	204,891	266,101	204,891	266,101
資產負債表外風險：	Off-balance sheet exposures:				
財務擔保 (按揭證券化計劃 的合約金額)	Financial guarantees (contractual amount under the MBS programmes)	–	–	805,868	1,277,647
總風險投保	Total risk-in-force	17,629,290	14,920,287	18,170,896	14,919,441
		71,044,957	73,508,744	68,358,296	71,619,038

(b) 貸款組合的信貨質素分析如下：

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

		本集團 The Group		本公司 The Company	
		於二零一零年 十二月三十一日 As at 31 December 2010 千港元 HK\$'000	於二零零九年 十二月三十一日 As at 31 December 2009 千港元 HK\$'000	於二零一零年 十二月三十一日 As at 31 December 2010 千港元 HK\$'000	於二零零九年 十二月三十一日 As at 31 December 2009 千港元 HK\$'000
未逾期亦未減值	Neither past due nor impaired	34,647,589	42,854,818	30,842,770	39,972,073
逾期但未減值	Past due but not impaired	613,099	942,532	551,377	853,688
已減值	Impaired	278	5,377	278	5,377
貸款組合總額	Gross loan portfolio	35,260,966	43,802,727	31,394,425	40,831,138
貸款減值撥備	Allowance for loan impairment	(2,029)	(14,011)	(2,027)	(13,975)
		35,258,937	43,788,716	31,392,398	40,817,163

於呈報期末未逾期亦未減值的貸款組合的信貨質素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.

		本集團 The Group		本公司 The Company	
		於二零一零年 十二月三十一日 As at 31 December 2010 千港元 HK\$'000	於二零零九年 十二月三十一日 As at 31 December 2009 千港元 HK\$'000	於二零一零年 十二月三十一日 As at 31 December 2010 千港元 HK\$'000	於二零零九年 十二月三十一日 As at 31 December 2009 千港元 HK\$'000
級別：	Grades:				
1至3級	1 to 3	34,621,215	42,794,073	30,819,076	39,916,630
4級	4	29	—	29	—
5級	5	26,345	60,745	23,665	55,443
		34,647,589	42,854,818	30,842,770	39,972,073

1至3級包括無信貸風險或無先前逾期記錄的貸款，並持有不同水平的信貸安排加強措施及持作擔保的抵押品。

Grades 1 to 3 include loans with either no credit risk or no previous past due history; and with different levels of credit enhancements in addition to the collateral held as security.

4級包括有先前逾期記錄，並持有不同水平的信貸安排加強措施及抵押品的貸款。

Grade 4 includes loans with previous past due history and with different levels of credit enhancement in addition to the collateral held as security.

5級包括有先前逾期記錄及持有抵押品作為擔保的貸款。

Grade 5 includes loans with previous past due history and with collateral held as security.

(c) 逾期但未減值的貸款

以下為於呈報期末已逾期但未減值的貸款總額分析：

		本集團 The Group		本公司 The Company	
		於二零一零年 十二月三十一日 As at 31 December 2010 千港元 HK\$'000	於二零零九年 十二月三十一日 As at 31 December 2009 千港元 HK\$'000	於二零一零年 十二月三十一日 As at 31 December 2010 千港元 HK\$'000	於二零零九年 十二月三十一日 As at 31 December 2009 千港元 HK\$'000
逾期時間：	Past due:				
三個月或以下	Three months or less	609,632	933,096	547,910	844,512
六個月或以下， 但超過三個月	Six months or less but over three months	1,931	4,316	1,931	4,056
超過六個月	Over six months	1,536	5,120	1,536	5,120
總額	Total	613,099	942,532	551,377	853,688
抵押品及其他信貸 安排加強措施的 公平值	Fair value of collateral and other credit enhancement	2,528,733	2,753,090	2,373,963	2,515,417

(d) 已個別減值的貸款

本集團及本公司未計所持有抵押品及信貸安排加強措施產生的現金流量的個別減值貸款為278,000港元（二零零九年：5,377,000港元）。

本集團及本公司所持相關抵押品及信貸安排加強措施的公平值為388,000港元（二零零九年：9,177,000港元）。

(e) 已重組的貸款

已重組的貸款指由於借款人財政狀況惡化而作出調整的貸款，本集團已就該等貸款作出在其他情況下不予考慮的讓步。於調整後，先前已逾期的客戶賬戶回復正常狀態，並與其他類似賬戶共同管理。調整政策及應用乃根據表明極有可能繼續支付款項的指標或標準作出。該等政策會持續進行審查。原本已逾期或減值的已重組的貸款於二零一零年十二月三十一日為10,122,000港元（二零零九年：3,304,000港元）。除非已遵照重訂條款回復良好還款狀況達六個月，否則已重組的貸款將繼續照此方式披露。

(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:

		本集團 The Group		本公司 The Company	
		於二零一零年 十二月三十一日 As at 31 December 2010 千港元 HK\$'000	於二零零九年 十二月三十一日 As at 31 December 2009 千港元 HK\$'000	於二零一零年 十二月三十一日 As at 31 December 2010 千港元 HK\$'000	於二零零九年 十二月三十一日 As at 31 December 2009 千港元 HK\$'000
逾期時間：	Past due:				
三個月或以下	Three months or less	609,632	933,096	547,910	844,512
六個月或以下， 但超過三個月	Six months or less but over three months	1,931	4,316	1,931	4,056
超過六個月	Over six months	1,536	5,120	1,536	5,120
總額	Total	613,099	942,532	551,377	853,688
抵押品及其他信貸 安排加強措施的 公平值	Fair value of collateral and other credit enhancement	2,528,733	2,753,090	2,373,963	2,515,417

(d) Individually impaired loans

The individually impaired loans of the Group and the Company before taking into account the cash flows from collateral held and credit enhancement amounted to HK\$278,000 (2009: HK\$5,377,000).

The fair value of related collateral held and credit enhancement of the Group and the Company amounted to HK\$388,000 (2009: HK\$9,177,000).

(e) Renegotiated loans

Renegotiated loans are those that have been restructured due to deterioration in the borrower's financial position and where the Group has made concessions that it would not otherwise consider. Following restructuring, a previously overdue customer account is restored to a normal status and managed together with other similar accounts. Restructuring policies and practices are based on indicators or criteria which indicate that payment will most likely continue. These policies are kept under continuous review. Renegotiated loans that would otherwise be past due or impaired totalled HK\$10,122,000 as at 31 December 2010 (2009: HK\$3,304,000). A renegotiated loan will continue to be disclosed as such unless the loan has been performing in accordance with the rescheduled terms for a period of six months.

(f) 收回抵押品

本集團及本公司收取作為擔保的抵押品的資產如下：

		賬面值 Carrying Amount	
		2010 千港元 HK\$'000	2009 千港元 HK\$'000
住宅物業	Residential property	3,861	3,317

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下。

(f) Repossessed collateral

The Group and the Company obtained assets by taking possession of collateral held as security, as follows:

Reposessed properties are sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness. Repossessed property is classified in the statement of financial position within other assets.

(g) 投資證券

根據董事局批准的投資指引，本公司僅可投資於特定最低信貸評級債務證券。資產負債管理委員會對按級別劃分的投資比例進行檢察及審查。

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。

(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 investment 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.

本集團及本公司 於二零一零年十二月三十一日 The Group and the Company As at 31 December 2010		可供出售證券 Available-for-sale securities 千港元 HK\$'000	持有至到期證券 Held-to-maturity securities 千港元 HK\$'000	總額 Total 千港元 HK\$'000
AAA/Aaa	AAA/Aaa	795,142	2,367,263	3,162,405
AA- 至 AA+/Aa3 至 Aa1	AA- to AA+/Aa3 to Aa1	1,139,485	5,293,172	6,432,657
A- 至 A+/A3 至 A1	A- to A+/A3 to A1	–	372,698	372,698
總額	Total	1,934,627	8,033,133	9,967,760

本集團及本公司 於二零零九年十二月三十一日 The Group and the Company As at 31 December 2009		可供出售證券 Available-for-sale securities 千港元 HK\$'000	持有至到期證券 Held-to-maturity securities 千港元 HK\$'000	總額 Total 千港元 HK\$'000
AAA/Aaa	AAA/Aaa	581,306	642,867	1,224,173
AA- 至 AA+/Aa3 至 Aa1	AA- to AA+/Aa3 to Aa1	2,006,038	4,330,310	6,336,348
A- 至 A+/A3 至 A1	A- to A+/A3 to A1	–	844,821	844,821
總額	Total	2,587,344	5,817,998	8,405,342

3.3 市場風險

本集團面對市場風險。市場風險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、貨幣及股本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、信貸息差、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因對實體的具有不同價格重訂特性的金融工具的利率管理而產生。本集團亦採用公平值對沖，透過利率掉期對沖定息債券發行大部分現有利率風險，將浮息資金與浮息資產互調以作出更好配對。

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一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、衍生工具及債務市場執行交易。中台部門監察對風險限額的遵守情況及實施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。

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。利率曲線於二零一零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減少約3,000,000港元（二零零九年：18,700,000港元），反之則將使未來12個月的利息收入淨額增加約3,000,000港元（二零零九年：13,000,000港元）。

於二零一零年十二月三十一日，倘該日利率平行下移20個基點，年內除稅前溢利將減少約1,000,000港元（二零零九年：5,400,000港元），於二零一零年十二月三十一日的儲備的增幅將少於1,000,000港元（二零零九年：下降2,900,000港元）。倘利率平行上移20個基點，年內除稅前溢利將增加約1,000,000港元（二零零九年：5,000,000港元），儲備的下調將少於1,000,000港元（二零零九年：增加2,000,000港元）。

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. 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 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 and debt markets in accordance with the strategies laid down by ALCO. The middle office monitors the compliance of risk limits and performs stress tests to assess the potential size of losses that could arise in extreme conditions. The results of the stress tests are reviewed by ALCO.

A principal part of the interest rate risk management is to monitor the sensitivity of projected net interest income under different interest rate scenarios and to mitigate the negative impact through hedging operations. A 20 basis points parallel downward shift of the interest rate curve as at 31 December 2010 would decrease the future net interest income for the next 12 months by around HK\$3 million (2009: HK\$18.7 million) and increase by around HK\$3 million (2009: HK\$13 million) for a similar upward parallel shift.

As at 31 December 2010, if interest rates at that date had experienced a 20 basis points parallel shift downwards, profit before tax for the year would have been around HK\$1 million lower (2009: HK\$5.4 million) and the reserve would have been higher by less than HK\$1 million (2009: HK\$2.9 million lower) as at 31 December 2010. If interest rates had experienced a 20 basis points parallel shift upwards, profit before tax for the year would have been higher by around HK\$1 million (2009: HK\$5 million) and the reserve would have been lower by less than HK\$1 million (2009: HK\$2 million higher).

於二零一零年十二月三十一日，在所有其他可變因素保持不變的情況下，倘港元兌美元匯率下跌100點子，年內除稅前溢利將增加約8,000,000港元（二零零九年：9,300,000港元）。反之，倘港元兌美元匯率上升100點子，則年內除稅前溢利將減少約8,000,000港元（二零零九年：9,300,000港元）。

於二零一零年十二月三十一日，在所有其他可變因素保持不變的情況下，倘港元兌美元以外的其他外幣匯率下跌100點子，年內除稅前溢利將增加約12,000,000港元（二零零九年：減少2,200,000港元）。反之，倘港元兌美元以外的其他外幣匯率上升100點子，年內除稅前溢利將減少約12,000,000港元（二零零九年：增加2,200,000港元）。

上升或下降20個基點及100點子，反映管理層對利率及匯率於直至下一呈報期末期間可能的合理變動所作出評估。

a) 貨幣風險

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承擔的限額，並每日進行監察。

下表概列本集團的外幣匯率風險。表內所載為本集團按賬面值列值的資產與負債，並按貨幣種類分類。

As at 31 December 2010, with all other variables held constant, if the HK dollar had weakened by 100 price interest points against the US dollar, profit before tax for the year would have been around HK\$8 million higher (2009: HK\$9.3 million). Conversely, if the HK dollar had strengthened by 100 price interest points against the US dollar, profit before tax for the year would have been around HK\$8 million lower (2009: HK\$9.3 million).

As at 31 December 2010, with all other variables held constant, if the HK dollar had weakened by 100 price interest points against foreign currencies other than US dollar, profit before tax for the year would have been around HK\$12 million higher (2009: HK\$2.2 million lower). Conversely, if the HK dollar had strengthened by 100 price interest points against foreign currencies other than US dollar, profit before tax for the year would have been around HK\$12 million lower (2009: HK\$2.2 million higher).

The 20 basis points and 100 price interest points increase or decrease represent management's assessment of a reasonably possible change in interest rate and exchange rates over the period until the next reporting period end.

(a) Currency risk

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.

The tables below summarise the Group's exposure to foreign currency exchange rate risk. Included in the tables are the Group's assets and liabilities at carrying amounts, categorised by currency.

本集團 The Group		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
於二零一零年 十二月三十一日	As at 31 December 2010				
資產	Assets				
現金及短期資金	Cash and short-term funds	4,297,927	689,202	915,520	5,902,649
應收利息及匯款	Interest and remittance receivables	480,028	169,959	7,163	657,150
衍生金融工具	Derivative financial instruments	1,202,260	194,361	–	1,396,621
貸款組合淨額	Loan portfolio, net	24,015,262	11,243,675	–	35,258,937
證券投資：	Investment securities:				
– 可供出售	– available-for-sale	1,698,952	1,705,014	–	3,403,966
– 持有至到期	– held-to-maturity	3,855,238	3,793,354	384,541	8,033,133
共同控制實體投資	Investment in a jointly controlled entity	–	–	130,720	130,720
固定資產	Fixed assets	15,980	–	1,272	17,252
預付款項、按金及其他資產	Prepayments, deposits and other assets	27,504	–	155	27,659
再保險資產	Reinsurance assets	204,891	–	–	204,891
資產總值	Total assets	35,798,042	17,795,565	1,439,371	55,032,978
負債	Liabilities				
應付利息	Interest payable	382,750	104,310	6,493	493,553
應付賬款、應付開支及其他負債	Accounts payable, accrued expenses and other liabilities	4,288,556	664	1,917	4,291,137
衍生金融工具	Derivative financial instruments	20,819	23,553	–	44,372
應付稅項	Tax payable	133,560	–	–	133,560
遞延稅項負債	Deferred tax liabilities	37,167	–	–	37,167
保險負債	Insurance liabilities	1,773,665	–	–	1,773,665
已發行債務證券	Debt securities issued	29,630,968	8,017,354	1,479,413	39,127,735
已發行按揭證券	Mortgage-backed securities issued	1,529,749	–	–	1,529,749
負債總額	Total liabilities	37,797,234	8,145,881	1,487,823	47,430,938
持倉淨額	Net position	(1,999,192)	9,649,684	(48,452)	7,602,040
資產負債表外淨名義持倉 [#]	Off-balance sheet net notional position [#]	2,167,017	(3,352,018)	1,438,009	253,008

[#] 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。

[#] 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.

本公司 The Company		港元 HKD	美元 USD	其他外幣 Other foreign currencies	總額 Total
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
於二零一零年 十二月三十一日	As at 31 December 2010				
資產	Assets				
現金及短期資金	Cash and short-term funds	4,281,306	689,202	799,001	5,769,509
應收利息及匯款	Interest and remittance receivables	468,279	169,959	6,994	645,232
衍生金融工具	Derivative financial instruments	1,178,161	194,361	–	1,372,522
貸款組合淨額	Loan portfolio, net	20,148,723	11,243,675	–	31,392,398
證券投資：	Investment securities:				
– 可供出售	– available-for-sale	1,698,952	1,705,014	–	3,403,966
– 持有至到期	– held-to-maturity	3,855,238	3,793,354	384,541	8,033,133
附屬公司投資	Investment in subsidiaries	3,103,572	–	102,060	3,205,632
共同控制實體投資	Investment in a jointly controlled entity	–	–	120,554	120,554
固定資產	Fixed assets	15,980	–	–	15,980
預付款項、按金及 其他資產	Prepayments, deposits and other assets	29,220	–	–	29,220
再保險資產	Reinsurance assets	204,891	–	–	204,891
資產總值	Total assets	34,984,322	17,795,565	1,413,150	54,193,037
負債	Liabilities				
應付利息	Interest payable	380,428	104,310	6,493	491,231
應付賬款、應付開支 及其他負債	Accounts payable, accrued expenses and other liabilities	4,791,012	641	613	4,792,266
衍生金融工具	Derivative financial instruments	20,819	23,553	–	44,372
應付稅項	Tax payable	134,532	–	–	134,532
遞延稅項負債	Deferred tax liabilities	37,167	–	–	37,167
保險負債	Insurance liabilities	1,773,665	–	–	1,773,665
已發行債務證券	Debt securities issued	29,909,119	8,017,354	1,479,413	39,405,886
負債總額	Total liabilities	37,046,742	8,145,858	1,486,519	46,679,119
持倉淨額	Net position	(2,062,420)	9,649,707	(73,369)	7,513,918
資產負債表外 淨名義持倉 [#]	Off-balance sheet net notional position [#]	2,167,017	(3,352,018)	1,438,009	253,008

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

[#] 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 Company's exposure to currency movements and their fair values.

本集團 The Group		港元 HKD	美元 USD	其他外幣 Other foreign currencies	總額 Total
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
於二零零九年 十二月三十一日	As at 31 December 2009				
資產	Assets				
現金及短期資金	Cash and short-term funds	3,065,437	895,247	107,114	4,067,798
應收利息及匯款	Interest and remittance receivables	495,299	207,063	8,168	710,530
衍生金融工具	Derivative financial instruments	1,249,113	68,262	–	1,317,375
貸款組合淨額	Loan portfolio, net	29,289,381	14,499,335	–	43,788,716
證券投資：	Investment securities:				
– 可供出售	– available-for-sale	759,851	2,853,213	–	3,613,064
– 持有至到期	– held-to-maturity	2,379,960	3,438,038	–	5,817,998
共同控制實體投資	Investment in a jointly controlled entity	–	–	115,190	115,190
固定資產	Fixed assets	19,000	–	2,257	21,257
預付款項、按金及 其他資產	Prepayments, deposits and other assets	32,375	–	220	32,595
再保險資產	Reinsurance assets	266,101	–	–	266,101
資產總值	Total assets	37,556,517	21,961,158	232,949	59,750,624
負債	Liabilities				
應付利息	Interest payable	307,265	130,390	8,132	445,787
應付賬款、應付開支 及其他負債	Accounts payable, accrued expenses and other liabilities	4,272,541	598	1,038	4,274,177
衍生金融工具	Derivative financial instruments	107,872	50,374	–	158,246
應付稅項	Tax payable	138,329	–	–	138,329
遞延稅項負債	Deferred tax liabilities	15,209	–	–	15,209
保險負債	Insurance liabilities	1,462,318	–	–	1,462,318
已發行債務證券	Debt securities issued	34,214,500	8,383,249	1,897,324	44,495,073
已發行按揭證券	Mortgage-backed securities issued	2,020,394	–	–	2,020,394
負債總額	Total liabilities	42,538,428	8,564,611	1,906,494	53,009,533
持倉淨額	Net position	(4,981,911)	13,396,547	(1,673,545)	6,741,091
資產負債表外 淨名義持倉 [#]	Off-balance sheet net notional position [#]	4,388,318	(6,164,030)	1,869,013	93,301

[#] 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。

[#] 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.

本公司 The Company		港元 HKD	美元 USD	其他外幣 Other foreign currencies	總額 Total
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
於二零零九年 十二月三十一日	As at 31 December 2009				
資產	Assets				
現金及短期資金	Cash and short-term funds	3,029,501	895,248	3	3,924,752
應收利息及匯款	Interest and remittance receivables	483,614	207,063	8,132	698,809
衍生金融工具	Derivative financial instruments	1,204,840	68,262	–	1,273,102
貸款組合淨額	Loan portfolio, net	26,317,828	14,499,335	–	40,817,163
證券投資：	Investment securities:				
– 可供出售	– available-for-sale	759,851	2,853,213	–	3,613,064
– 持有至到期	– held-to-maturity	2,379,960	3,438,038	–	5,817,998
附屬公司投資	Investment in subsidiaries	1,631,520	–	102,060	1,733,580
共同控制實體投資	Investment in a jointly controlled entity	–	–	120,554	120,554
固定資產	Fixed assets	19,000	–	–	19,000
預付款項、按金及 其他資產	Prepayments, deposits and other assets	36,681	–	–	36,681
再保險資產	Reinsurance assets	266,101	–	–	266,101
資產總值	Total assets	36,128,896	21,961,159	230,749	58,320,804
負債	Liabilities				
應付利息	Interest payable	303,695	130,390	8,132	442,217
應付賬款、應付開支 及其他負債	Accounts payable, accrued expenses and other liabilities	4,909,762	574	613	4,910,949
衍生金融工具	Derivative financial instruments	107,872	50,374	–	158,246
應付稅項	Tax payable	131,850	–	–	131,850
遞延稅項負債	Deferred tax liabilities	15,213	–	–	15,213
保險負債	Insurance liabilities	1,462,318	–	–	1,462,318
已發行債務證券	Debt securities issued	34,214,500	8,383,249	1,897,324	44,495,073
負債總額	Total liabilities	41,145,210	8,564,587	1,906,069	51,615,866
持倉淨額	Net position	(5,016,314)	13,396,572	(1,675,320)	6,704,938
資產負債表外 淨名義持倉 [#]	Off-balance sheet net notional position [#]	4,388,318	(6,164,030)	1,869,013	93,301

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

[#] 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 Company's exposure to currency movements and their fair values.

(b) 現金流量及公平值利率風險

現金流量利率風險乃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，息差可能會擴闊，但倘發生未能預計的

(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

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，並按賬面值列示本集團的資產及負債，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）的賬面值列於「不計息」項目中。

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 Group's 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".

本集團 The Group		一個月內 Up to 1 month	一個月以上 至三個月 Over 1 month to 3 months	三個月以上 至一年 Over 3 months to 1 year	一年以上 至五年 Over 1 year to 5 years	五年以上 Over 5 years	不計息 Non-interest bearing	總額 Total
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
於二零一零年 十二月三十一日		As at 31 December 2010						
資產	Assets							
現金及短期資金	Cash and short-term funds	5,205,425	413,890	238,879	-	-	44,455	5,902,649
應收利息及匯款	Interest and remittance receivables	-	-	-	-	-	657,150	657,150
衍生金融工具	Derivative financial instruments	-	-	-	-	-	1,396,621	1,396,621
貸款組合淨額	Loan portfolio, net	25,697,371	9,346,147	140,921	53,832	20,666	-	35,258,937
證券投資：	Investment securities:							
– 可供出售	– available-for-sale	989,784	944,843	-	-	-	1,469,339	3,403,966
– 持有至到期	– held-to-maturity	349,137	65,895	718,989	4,218,276	2,680,836	-	8,033,133
共同控制實體投資	Investment in a jointly controlled entity	-	-	-	-	-	130,720	130,720
固定資產	Fixed assets	-	-	-	-	-	17,252	17,252
預付款項、按金及其他資產	Prepayments, deposits and other assets	-	-	-	-	-	27,659	27,659
再保險資產	Reinsurance assets	-	-	-	-	-	204,891	204,891
資產總值	Total assets	32,241,717	10,770,775	1,098,789	4,272,108	2,701,502	3,948,087	55,032,978
負債	Liabilities							
應付利息	Interest payable	-	-	-	-	-	493,553	493,553
應付賬款、應付開支及其他負債	Accounts payable, accrued expenses and other liabilities	4,163,057	-	-	-	-	128,080	4,291,137
衍生金融工具	Derivative financial instruments	-	-	-	-	-	44,372	44,372
應付稅項	Tax payable	-	-	-	-	-	133,560	133,560
遞延稅項負債	Deferred tax liabilities	-	-	-	-	-	37,167	37,167
保險負債	Insurance liabilities	-	-	-	-	-	1,773,665	1,773,665
已發行債務證券	Debt securities issued	6,876,400	4,862,849	9,290,827	13,051,992	5,045,667	-	39,127,735
已發行按揭證券	Mortgage-backed securities issued	805,650	-	724,099	-	-	-	1,529,749
負債總額	Total liabilities	11,845,107	4,862,849	10,014,926	13,051,992	5,045,667	2,610,397	47,430,938
利息敏感度缺口總額 *	Total interest sensitivity gap*	20,396,610	5,907,926	(8,916,137)	(8,779,884)	(2,344,165)		
利率衍生工具 (持倉淨額的 名義金額)	Interest rate derivatives (notional amounts of net position)	(12,049,324)	(13,823,333)	9,107,338	12,491,300	4,527,027		

* 未計入衍生金融工具重定息對已發行債務證券及已發行按揭證券的影響。

* before the repricing effect of derivative financial instruments on the debt securities and the mortgage-backed securities issued.

		一個月內 Up to 1 month	一個月以上 至三個月 Over 1 month to 3 months	三個月以上 至一年 Over 3 months to 1 year	一年以上 至五年 Over 1 year to 5 years	五年以上 Over 5 years	不計息 Non-interest bearing	總額 Total
本公司 The Company		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
於二零一零年 十二月三十一日	As at 31 December 2010							
資產	Assets							
現金及短期資金	Cash and short-term funds	5,124,400	378,500	226,950	–	–	39,659	5,769,509
應收利息及匯款	Interest and remittance receivables	–	–	–	–	–	645,232	645,232
衍生金融工具	Derivative financial instruments	–	–	–	–	–	1,372,522	1,372,522
貸款組合淨額	Loan portfolio, net	21,838,606	9,346,147	137,831	52,929	16,885	–	31,392,398
證券投資：	Investment securities:							
– 可供出售	– available-for-sale	989,784	944,843	–	–	–	1,469,339	3,403,966
– 持有至到期	– held-to-maturity	349,137	65,895	718,989	4,218,276	2,680,836	–	8,033,133
附屬公司投資	Investment in subsidiaries	3,094,913	–	3,045	889	3,725	103,060	3,205,632
共同控制實體投資	Investment in a jointly controlled entity	–	–	–	–	–	120,554	120,554
固定資產	Fixed assets	–	–	–	–	–	15,980	15,980
預付款項、按金及 其他資產	Prepayments, deposits and other assets	–	–	–	–	–	29,220	29,220
再保險資產	Reinsurance assets	–	–	–	–	–	204,891	204,891
資產總值	Total assets	31,396,840	10,735,385	1,086,815	4,272,094	2,701,446	4,000,457	54,193,037
負債	Liabilities							
應付利息	Interest payable	–	–	–	–	–	491,231	491,231
應付賬款、應付開支 及其他負債	Accounts payable, accrued expenses and other liabilities	4,630,792	–	–	–	–	161,474	4,792,266
衍生金融工具	Derivative financial instruments	–	–	–	–	–	44,372	44,372
應付稅項	Tax payable	–	–	–	–	–	134,532	134,532
遞延稅項負債	Deferred tax liabilities	–	–	–	–	–	37,167	37,167
保險負債	Insurance liabilities	–	–	–	–	–	1,773,665	1,773,665
已發行債務證券	Debt securities issued	7,154,551	4,862,849	9,290,827	13,051,992	5,045,667	–	39,405,886
負債總額	Total liabilities	11,785,343	4,862,849	9,290,827	13,051,992	5,045,667	2,642,441	46,679,119
利息敏感度缺口總額 *	Total interest sensitivity gap*	19,611,497	5,872,536	(8,204,012)	(8,779,898)	(2,344,221)		
利率衍生工具 (持倉淨額的 名義金額)	Interest rate derivatives (notional amounts of net position)	(11,349,324)	(14,523,333)	9,107,338	12,491,300	4,527,027		

* 未計入衍生金融工具重定息對已發行債務證券的影響。

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

本集團 The Group		一個月內 Up to 1 month	一個月以上 至三個月 Over 1 month to 3 months	三個月以上 至一年 Over 3 months to 1 year	一年以上 至五年 Over 1 year to 5 years	五年以上 Over 5 years	不計息 Non-interest bearing	總額 Total
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
於二零零九年十二月三十一日	As at 31 December 2009							
資產	Assets							
現金及短期資金	Cash and short-term funds	3,660,995	342,787	5,679	–	–	58,337	4,067,798
應收利息及匯款	Interest and remittance receivables	–	–	–	–	–	710,530	710,530
衍生金融工具	Derivative financial instruments	–	–	–	–	–	1,317,375	1,317,375
貸款組合淨額	Loan portfolio, net	36,614,171	6,978,278	123,890	57,473	14,904	–	43,788,716
證券投資：	Investment securities:							
– 可供出售	– available-for-sale	1,201,524	931,092	454,728	–	–	1,025,720	3,613,064
– 持有至到期	– held-to-maturity	502,010	1,000,024	741,741	3,097,888	476,335	–	5,817,998
共同控制實體投資	Investment in a jointly controlled entity	–	–	–	–	–	115,190	115,190
固定資產	Fixed assets	–	–	–	–	–	21,257	21,257
預付款項、按金及其他資產	Prepayments, deposits and other assets	–	–	–	–	–	32,595	32,595
再保險資產	Reinsurance assets	–	–	–	–	–	266,101	266,101
資產總值	Total assets	41,978,700	9,252,181	1,326,038	3,155,361	491,239	3,547,105	59,750,624
負債	Liabilities							
應付利息	Interest payable	–	–	–	–	–	445,787	445,787
應付賬款、應付開支及其他負債	Accounts payable, accrued expenses and other liabilities	4,133,740	–	–	–	–	140,437	4,274,177
衍生金融工具	Derivative financial instruments	–	–	–	–	–	158,246	158,246
應付稅項	Tax payable	–	–	–	–	–	138,329	138,329
遞延稅項負債	Deferred tax liabilities	–	–	–	–	–	15,209	15,209
保險負債	Insurance liabilities	–	–	–	–	–	1,462,318	1,462,318
已發行債務證券	Debt securities issued	6,043,151	6,293,644	6,664,434	19,688,772	5,805,072	–	44,495,073
已發行按揭證券	Mortgage-backed securities issued	1,051,120	–	229,116	740,158	–	–	2,020,394
負債總額	Total liabilities	11,228,011	6,293,644	6,893,550	20,428,930	5,805,072	2,360,326	53,009,533
利息敏感度缺口總額 *	Total interest sensitivity gap*	30,750,689	2,958,537	(5,567,512)	(17,273,569)	(5,313,833)		
利率衍生工具 (持倉淨額的 名義金額)	Interest rate derivatives (notional amounts of net position)	(13,406,010)	(13,453,873)	2,715,050	18,876,598	5,361,536		

* 未計入衍生金融工具重定息對已發行債務證券及已發行按揭證券的影響。

* before the repricing effect of derivative financial instruments on the debt securities and the mortgage-backed securities issued.

本公司 The Company		一個月內 Up to 1 month	一個月以上 至三個月 Over 1 month to 3 months	三個月以上 至一年 Over 3 months to 1 year	一年以上 至五年 Over 1 year to 5 years	五年以上 Over 5 years	不計息 Non-interest bearing	總額 Total
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
於二零零九年 十二月三十一日	As at 31 December 2009							
資產	Assets							
現金及短期資金	Cash and short-term funds	3,550,348	325,750	–	–	–	48,654	3,924,752
應收利息及匯款	Interest and remittance receivables	–	–	–	–	–	698,809	698,809
衍生金融工具	Derivative financial instruments	–	–	–	–	–	1,273,102	1,273,102
貸款組合淨額	Loan portfolio, net	33,645,048	6,978,278	123,890	55,044	14,903	–	40,817,163
證券投資：	Investment securities:							
– 可供出售	– available-for-sale	1,201,524	931,092	454,728	–	–	1,025,720	3,613,064
– 持有至到期	– held-to-maturity	502,010	1,000,024	741,741	3,097,888	476,335	–	5,817,998
附屬公司投資	Investment in subsidiaries	1,628,130	–	–	2,390	–	103,060	1,733,580
共同控制實體投資	Investment in a jointly controlled entity	–	–	–	–	–	120,554	120,554
固定資產	Fixed assets	–	–	–	–	–	19,000	19,000
預付款項、按金及其他資產	Prepayments, deposits and other assets	–	–	–	–	–	36,681	36,681
再保險資產	Reinsurance assets	–	–	–	–	–	266,101	266,101
資產總值	Total assets	40,527,060	9,235,144	1,320,359	3,155,322	491,238	3,591,681	58,320,804
負債	Liabilities							
應付利息	Interest payable	–	–	–	–	–	442,217	442,217
應付賬款、應付開支及其他負債	Accounts payable, accrued expenses and other liabilities	4,724,848	–	–	–	–	186,101	4,910,949
衍生金融工具	Derivative financial instruments	–	–	–	–	–	158,246	158,246
應付稅項	Tax payable	–	–	–	–	–	131,850	131,850
遞延稅項負債	Deferred tax liabilities	–	–	–	–	–	15,213	15,213
保險負債	Insurance liabilities	–	–	–	–	–	1,462,318	1,462,318
已發行債務證券	Debt securities issued	6,043,151	6,293,644	6,664,434	19,688,772	5,805,072	–	44,495,073
負債總額	Total liabilities	10,767,999	6,293,644	6,664,434	19,688,772	5,805,072	2,395,945	51,615,866
利息敏感度缺口總額 *	Total interest sensitivity gap*	29,759,061	2,941,500	(5,344,075)	(16,533,450)	(5,313,834)		
利率衍生工具 (持倉淨額的 名義金額)	Interest rate derivatives (notional amounts of net position)	(12,481,010)	(14,378,873)	2,715,050	18,876,598	5,361,536		

* 未計入衍生金融工具重定息對已發行債務證券的影響。

* 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支付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，並在所有工具到期期限的基礎上預計遠期資金流入及流出。本集團從不同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審查。

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) 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根據非衍生金融負債、以淨額基準結算的衍生金融負債及以總額基準結算的衍生金融工具的現金流量。表內披露的金額為預測合約未折現現金流量，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貨幣間掉期。

(a) Undiscounted cash flows analysis

The table below presents 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 table 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.

本集團 The Group		一個月內	一個月以上	三個月以上	一年以上	五年以上	總額
		Up to	至三個月	至一年	至五年		
		1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years		
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
於二零一零年 十二月三十一日	As at 31 December 2010						
非衍生現金流出	Non-derivative cash outflows						
負債	Liabilities						
已發行債務證券	Debt securities issued	(3,061,008)	(4,276,684)	(10,993,225)	(18,139,060)	(5,411,079)	(41,881,056)
已發行按揭證券	Mortgage-backed securities issued	(28,149)	(48,586)	(1,297,405)	(165,619)	-	(1,539,759)
		(3,089,157)	(4,325,270)	(12,290,630)	(18,304,679)	(5,411,079)	(43,420,815)
衍生現金流入/(流出)	Derivative cash inflows/(outflows)						
按下列基準結算的 衍生金融工具：	Derivative financial instrument settled:						
－ 淨額基準	－ on net basis	1,664	(9,484)	(3,477)	(19,051)	395	(29,953)
－ 總額基準	－ on gross basis						
流出總額	Total outflow	(1,722,875)	(2,233,067)	(4,795,337)	(9,668,024)	-	(18,419,303)
流入總額	Total inflow	1,720,668	2,235,002	4,813,110	9,668,812	-	18,437,592
		(543)	(7,549)	14,296	(18,263)	395	(11,664)
本公司 The Company		一個月內	一個月以上	三個月以上	一年以上	五年以上	總額
		Up to	至三個月	至一年	至五年		
		1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years		
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
於二零一零年 十二月三十一日	As at 31 December 2010						
非衍生現金流出	Non-derivative cash outflows						
負債	Liabilities						
已發行債務證券	Debt securities issued	(3,339,195)	(4,276,684)	(10,993,225)	(18,139,060)	(5,411,079)	(42,159,243)
衍生現金流入/(流出)	Derivative cash inflows/(outflows)						
按下列基準結算的 衍生金融工具：	Derivative financial instrument settled:						
－ 淨額基準	－ on net basis	1,664	(9,484)	(3,477)	(19,051)	395	(29,953)
－ 總額基準	－ on gross basis						
流出總額	Total outflow	(1,722,875)	(2,233,067)	(4,795,337)	(9,668,024)	-	(18,419,303)
流入總額	Total inflow	1,720,668	2,235,002	4,813,110	9,668,812	-	18,437,592
		(543)	(7,549)	14,296	(18,263)	395	(11,664)

本集團 The Group		一個月內 Up to 1 month	一個月以上 至三個月 Over 1 month to 3 months	三個月以上 至一年 Over 3 months to 1 year	一年以上 至五年 Over 1 year to 5 years	五年以上 Over 5 years	總額 Total
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
於二零零九年 十二月三十一日	As at 31 December 2009						
非衍生現金流出 負債	Non-derivative cash outflows Liabilities						
已發行債務證券	Debt securities issued	(1,118,623)	(3,715,322)	(7,917,958)	(28,083,715)	(7,500,004)	(48,335,622)
已發行按揭證券	Mortgage-backed securities issued	(49,315)	(30,227)	(401,388)	(1,611,674)	–	(2,092,604)
		(1,167,938)	(3,745,549)	(8,319,346)	(29,695,389)	(7,500,004)	(50,428,226)
衍生現金流入/(流出)	Derivative cash inflows/(outflows)						
按下列基準結算的 衍生金融工具：	Derivative financial instrument settled:						
– 淨額基準	– on net basis	(11,212)	(5,829)	(84,151)	(31,888)	(7,253)	(140,333)
– 總額基準	– on gross basis						
流出總額	Total outflow	(1,363,581)	(1,276,362)	(4,185,396)	(15,797,991)	(613,371)	(23,236,701)
流入總額	Total inflow	1,357,584	1,281,986	4,187,431	15,792,814	608,060	23,227,875
		(17,209)	(205)	(82,116)	(37,065)	(12,564)	(149,159)

本公司 The Company		一個月內 Up to 1 month	一個月以上 至三個月 Over 1 month to 3 months	三個月以上 至一年 Over 3 months to 1 year	一年以上 至五年 Over 1 year to 5 years	五年以上 Over 5 years	總額 Total
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
於二零零九年 十二月三十一日	As at 31 December 2009						
非衍生現金流出 負債	Non-derivative cash outflows Liabilities						
已發行債務證券	Debt securities issued	(1,118,623)	(3,715,322)	(7,917,958)	(28,083,715)	(7,500,004)	(48,335,622)
衍生現金流入/(流出)	Derivative cash inflows/(outflows)						
按下列基準結算的 衍生金融工具：	Derivative financial instrument settled:						
– 淨額基準	– on net basis	(11,212)	(5,829)	(84,151)	(31,888)	(7,253)	(140,333)
– 總額基準	– on gross basis						
流出總額	Total outflow	(1,363,581)	(1,276,362)	(4,185,396)	(15,797,991)	(613,371)	(23,236,701)
流入總額	Total inflow	1,357,584	1,281,986	4,187,431	15,792,814	608,060	23,227,875
		(17,209)	(205)	(82,116)	(37,065)	(12,564)	(149,159)

(b) 到期日分析

下表根據呈報期末至合約到期日剩餘期間按分類之資產及負債分析。

本集團 The Group		即時到期 Repayable on demand	一個月內 Up to 1 month	一個月以上 至三個月 Over 1 month to 3 months	三個月以上 至一年 Over 3 months to 1 year	一年以上 至五年 Over 1 year to 5 years	五年以上 Over 5 years	無限期 Undated	總額 Total
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
於二零一零年十二月三十一日		As at 31 December 2010							
資產	Assets								
現金及短期資金	Cash and short-term funds	49,471	5,200,410	407,992	244,776	-	-	-	5,902,649
貸款組合	Loan portfolio	8,004	669,748	816,647	4,105,789	18,246,086	11,412,991	1,701	35,260,966
證券投資	Investment securities								
- 可供出售	- available-for-sale	-	499,888	582,726	556,614	295,399	-	1,469,339	3,403,966
- 持有至到期	- held-to-maturity	-	-	-	1,068,126	4,284,171	2,680,836	-	8,033,133
再保險資產	Reinsurance assets	-	-	-	-	-	-	204,891	204,891
		57,475	6,370,046	1,807,365	5,975,305	22,825,656	14,093,827	1,675,931	52,805,605
負債	Liabilities								
保險負債	Insurance liabilities	-	-	-	-	-	-	1,773,665	1,773,665
已發行債務證券	Debt securities issued	-	2,989,516	4,106,971	10,471,870	16,513,711	5,045,667	-	39,127,735
已發行按揭證券	Mortgage-backed securities issued	-	27,934	69,328	1,269,451	163,036	-	-	1,529,749
		-	3,017,450	4,176,299	11,741,321	16,676,747	5,045,667	1,773,665	42,431,149

本公司 The Company		即時到期 Repayable on demand	一個月內 Up to 1 month	一個月以上 至三個月 Over 1 month to 3 months	三個月以上 至一年 Over 3 months to 1 year	一年以上 至五年 Over 1 year to 5 years	五年以上 Over 5 years	無限期 Undated	總額 Total
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
於二零一零年十二月三十一日		As at 31 December 2010							
資產	Assets								
現金及短期資金	Cash and short-term funds	36,918	5,127,141	378,500	226,950	-	-	-	5,769,509
貸款組合	Loan portfolio	7,406	538,747	746,117	3,789,361	17,322,877	8,988,252	1,665	31,394,425
證券投資	Investment securities								
- 可供出售	- available-for-sale	-	499,888	582,726	556,614	295,399	-	1,469,339	3,403,966
- 持有至到期	- held-to-maturity	-	-	-	1,068,126	4,284,171	2,680,836	-	8,033,133
再保險資產	Reinsurance assets	-	-	-	-	-	-	204,891	204,891
		44,324	6,165,776	1,707,343	5,641,051	21,902,447	11,669,088	1,675,895	48,805,924
負債	Liabilities								
其他應付款項	Other payable	-	14,112	27,809	270,949	154,864	-	-	467,734
保險負債	Insurance liabilities	-	-	-	-	-	-	1,773,665	1,773,665
已發行債務證券	Debt securities issued	-	3,267,667	4,106,971	10,471,870	16,513,711	5,045,667	-	39,405,886
		-	3,281,779	4,134,780	10,742,819	16,668,575	5,045,667	1,773,665	41,647,285

本集團 The Group		即時到期 Repayable on demand	一個月內 Up to 1 month	一個月以上 至三個月 Over 1 month to 3 months	三個月以上 至一年 Over 3 months to 1 year	一年以上 至五年 Over 1 year to 5 years	五年以上 Over 5 years	無限期 Undated	總額 Total
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
於二零零九年 十二月三十一日	As at 31 December 2009								
資產	Assets								
現金及短期資金	Cash and short-term funds	57,248	3,593,937	410,934	5,679	–	–	–	4,067,798
貸款組合	Loan portfolio	11,181	1,039,425	879,296	4,454,273	18,062,261	19,331,884	24,407	43,802,727
證券投資	Investment securities								
– 可供出售	– available-for-sale	–	1,201,524	931,092	454,728	–	–	1,025,720	3,613,064
– 持有至到期	– held-to-maturity	–	155,071	637,241	1,023,674	3,525,677	476,335	–	5,817,998
再保險資產	Reinsurance assets	–	–	–	–	–	–	266,101	266,101
		68,429	5,989,957	2,858,563	5,938,354	21,587,938	19,808,219	1,316,228	57,567,688
負債	Liabilities								
保險負債	Insurance liabilities	–	–	–	–	–	–	1,462,318	1,462,318
已發行債務證券	Debt securities issued	–	1,238,693	4,663,947	7,369,542	25,318,031	5,904,860	–	44,495,073
已發行按揭證券	Mortgage-backed securities issued	–	53,369	64,783	361,301	1,540,941	–	–	2,020,394
		–	1,292,062	4,728,730	7,730,843	26,858,972	5,904,860	1,462,318	47,977,785

本公司 The Company		即時到期 Repayable on demand	一個月內 Up to 1 month	一個月以上 至三個月 Over 1 month to 3 months	三個月以上 至一年 Over 3 months to 1 year	一年以上 至五年 Over 1 year to 5 years	五年以上 Over 5 years	無限期 Undated	總額 Total
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
於二零零九年 十二月三十一日	As at 31 December 2009								
資產	Assets								
現金及短期資金	Cash and short-term funds	44,740	3,573,012	307,000	–	–	–	–	3,924,752
貸款組合	Loan portfolio	9,543	891,005	801,897	4,129,092	16,885,678	18,090,064	23,859	40,831,138
證券投資	Investment securities								
– 可供出售	– available-for-sale	–	1,201,524	931,092	454,728	–	–	1,025,720	3,613,064
– 持有至到期	– held-to-maturity	–	155,071	637,241	1,023,674	3,525,677	476,335	–	5,817,998
再保險資產	Reinsurance assets	–	–	–	–	–	–	266,101	266,101
		54,283	5,820,612	2,677,230	5,607,494	20,411,355	18,566,399	1,315,680	54,453,053
負債	Liabilities								
其他應付款項	Other payable	13,246	27,218	118,075	429,786	2,783	–	–	591,108
保險負債	Insurance liabilities	–	–	–	–	–	–	1,462,318	1,462,318
已發行債務證券	Debt securities issued	–	1,238,693	4,663,947	7,369,542	25,318,031	5,904,860	–	44,495,073
		13,246	1,265,911	4,782,022	7,799,328	25,320,814	5,904,860	1,462,318	46,548,499

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、應付開支及應付稅項，預期將在十二月三十一日起計的12個月內收回或償還。而在財務狀況表的其他資產和負債，則預期由十二月三十一日起計需要逾12個月才能收回或償還。

In addition to the above, interest and remittance receivables, prepayments and other assets, interest payable, accounts payable, accrued expenses and tax payable are expected to be recovered or settled within twelve months from 31 December. Other assets and liabilities included in the statement of financial position are expected to be recovered or settled in a period more than twelve months after 31 December.

3.5 按揭保險風險

本集團為核准賣方／管理供款機構提供按揭保險，就信貸虧損風險提供的保險額最高可達按揭貸款之物業價值的25%至30%，惟批出貸款時貸款額與物業價值比率不得超過90%，或按當時所指定的其他比率。

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。

對一組保險合約而言，當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賬面值。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，而申索及利益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支變動而使整體受影響。本集團已制定業務策略，為分散所接納按揭保險風險種類，並在每個主要類別內歸納足夠宗數的風險，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及本港物業市場下滑。經濟衰退可能引致拖欠付款增加，影響申索次數。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。

本集團採納一套審慎的保險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，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及超額損失再保險安排，致力限制所面對的風險。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。

3.5 Mortgage insurance risk

The Group offers mortgage insurance which provides cover to the Approved Sellers/Servicers for first credit losses of up to 25% - 30% of the property value of a residential mortgage loan with loan-to-value ratio below 90% at origination, or other ratios as specified from time to time.

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

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 mortgage 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 and a slump in the local property market. Economic downturn, which may cause a rise in defaulted payment, affects the frequency of claims. A drop in property prices, where the collateral value falls below the outstanding balance of the mortgage loan, will increase the severity of claims.

The Group manages these risks by adopting a set of prudent insurance 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 and excess-of-loss reinsurance arrangement in an effort to limit its risk exposure. 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.

截至二零一零年十二月三十一日，倘總承保虧損率增加1%，則本年度除稅前溢利將減少400萬港元（二零零九年：170萬港元）。倘總承保虧損率下降1%，則本年度除稅前溢利將增加400萬港元（二零零九年：170萬港元）。

As at 31 December 2010, if total loss ratio had increased by 1%, profit before tax for the year would have been HK\$4 million (2009: HK\$1.7 million) lower. If total loss ratio had decreased by 1%, profit before tax for the year would have been HK\$4 million (2009: HK\$1.7 million) higher.

3.6 金融資產及負債的公平值

公平值估計基於相關市場資料及金融工具特性在指定時間作出。

下表概述並未於本集團財務狀況表按公平值悉數呈列的金融資產及負債的賬面值與公平值。買入價用於估計資產的公平值，而賣出價則用於估計負債的公平值。至於其他並非以公平值估價的金融工具，其公平值與其賬面值大致相若。

3.6 Fair values of financial assets and liabilities

Fair value estimate are made at a specific point in time based on relevant market information and the characteristics of the financial instruments.

The following table provides an analysis of the carrying amounts and fair values of financial assets and liabilities not wholly presented on the Group's statement of financial position at their fair value. Bid prices are used to estimate fair values of assets, whereas offer prices are applied for liabilities. For all other financial instruments that are not measured at fair value, the fair value is approximately equal to their carrying value.

		賬面值 Carrying value		公平值 Fair value	
		2010 千港元 HK\$'000	2009 千港元 HK\$'000	2010 千港元 HK\$'000	2009 千港元 HK\$'000
金融資產	Financial assets				
現金及短期資金	Cash and short-term funds	5,902,649	4,067,798	5,902,649	4,067,798
貸款組合淨額	Loan portfolio, net	35,258,937	43,788,716	35,258,937	43,788,716
證券投資	Investment securities				
– 持有至到期	– held-to-maturity	8,033,133	5,817,998	8,183,264	5,935,727
金融負債	Financial liabilities				
其他負債	Other liabilities	4,163,057	4,133,740	4,163,057	4,133,740
已發行債務證券	Debt securities issued	37,190,615	41,648,925	37,193,268	41,655,241
已發行按揭證券	Mortgage-backed securities issued	1,529,749	2,020,394	1,524,932	2,011,421

估計金融工具公平值時已使用下列方法及假設：

The following methods and assumptions have been used to estimate the fair values of financial instruments:

(a) 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賬面值。定息存款（存款期通常少於三個月）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賬面值。

(a) 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 3 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.

(b) 貸款組合淨額及根據按揭通遞證券化計劃發行的按揭證券

貸款組合於扣除減值撥備後列賬。小部分貸款組合按固定利率計息。因此，貸款組合及已發行按揭證券的賬面值為公平值的合理估計。

(b) Loan portfolio, net, and mortgage-backed securities issued under the MBS Pass-Through Programme

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 and the mortgage-backed securities issued is a reasonable estimate of the fair value.

(c) 證券投資

證券投資包括持有至到期計息資產，而分類為可供出售的資產按公平值計量。持有至到期資產之公平值以市價或經紀／交易商報價為基礎。倘本集團未能取得有關資料，則採用具有同類信貸、到期日及收益率等特點之證券所報市價估計公平值。

(d) 已發行債務證券

公平值總額乃基於市場報價計算。至於未有市場報價的債券，本集團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。

(e) 根據 Bauhinia 按揭證券計劃發行的按揭證券

公平值總額乃基於市場報價計算。至於未有市場報價的債券，本集團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。

(f) 其他負債

其他負債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（「香港特區」）政府購買的按揭貸款加強信貸安排的遞延代價。其他負債的公平值與賬面值相若。

(g) 於財務報表按公平值計量的金融工具

按公平值計量的金融工具並無（二零零九年：無）使用無法以明顯市場數據佐證的估值方法。

(h) 公平值架構

下表列示按公平值確認並根據以下方式計算的公平值分析的金融工具：

- 相同資產或負債於活躍市場中之報價（第一層）；
- 除第一層所包括之報價外，就資產或負債能直接（如股價）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）。

(c) Investment securities

Investment securities include only interest-bearing assets held to maturity, assets classified as available-for-sale are measured at fair value. Fair value for held-to-maturity assets is based on market prices or broker/dealer price quotations. Where this information is not available, fair value has been estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

(d) Debt securities issued

The aggregate fair values are calculated based on quoted market 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.

(e) Mortgage-backed securities issued under the Bauhinia MBS Programme

The aggregate fair values are calculated based on quoted market 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.

(f) Other liabilities

Other liabilities represent the deferred consideration used for credit enhancement on the mortgage loans purchased from the Government of the Hong Kong Special Administrative Region ("HK SAR") in December 2003 and January 2004. The fair value of other liabilities approximates the carrying amount.

(g) Financial instruments measured at fair value in the financial statements

There is no (2009: nil) financial instrument measured at fair value using a valuation technique that is not supported by observable market data.

(h) Fair value hierarchy

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

- Quoted prices in active markets for identical assets or liabilities (Level 1);
- Those involving 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
- Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

		本集團 The Group			本公司 The Company		
		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
於二零一零年 十二月三十一日	As at 31 December 2010						
資產	Assets						
衍生金融工具	Derivative financial instruments	-	1,396,621	1,396,621	-	1,372,522	1,372,522
證券投資	Investment securities						
- 可供出售	- available-for-sale	1,469,339	1,934,627	3,403,966	1,469,339	1,934,627	3,403,966
		1,469,339	3,331,248	4,800,587	1,469,339	3,307,149	4,776,488
負債	Liabilities						
衍生金融工具	Derivative financial instruments	-	44,372	44,372	-	44,372	44,372
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	-	1,937,120	1,937,120	-	1,937,120	1,937,120
		-	1,981,492	1,981,492	-	1,981,492	1,981,492

		本集團 The Group			本公司 The Company		
		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
於二零零九年 十二月三十一日	As at 31 December 2009						
資產	Assets						
衍生金融工具	Derivative financial instruments	-	1,317,375	1,317,375	-	1,273,102	1,273,102
證券投資	Investment securities						
- 可供出售	- available-for-sale	1,104,186	2,508,878	3,613,064	1,104,186	2,508,878	3,613,064
		1,104,186	3,826,253	4,930,439	1,104,186	3,781,980	4,886,166
負債	Liabilities						
衍生金融工具	Derivative financial instruments	-	158,246	158,246	-	158,246	158,246
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	-	2,846,148	2,846,148	-	2,846,148	2,846,148
		-	3,004,394	3,004,394	-	3,004,394	3,004,394

本集團及本公司概無持有任何屬於第三層
的金融工具。

Neither the Group nor the Company hold any financial instruments
recognised as Level 3.

3.7 資本管理

本集團管理資本（其涵蓋範圍較列於財務狀
況表賬面的「權益」為廣）的目的如下：

- 符合香港特別行政區政府財政司司長
（「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；

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 of the Hong Kong Special Administrative Region
("Financial Secretary");
- To safeguard the Group's ability to continue as a going concern so that
it can continue to provide returns for shareholders;

- 維持本集團的穩定及發展；
- 按有效及基於風險的方法分配資本，最優化提供予股東的經風險調回報；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佈的指引每日監控資本充足程度及監管資金的使用。指引規定資本對資產比率最低為5%。資本對資產比率為本集團資本總額與其資產負債表內及資產負債表外加權風險值總額之間的比率，以百分比表示。

總裁須根據財政司司長頒佈的指引每季度向董事局提交報告。任何違反或可能違反資本對資產比率指引的情況均須向財政司司長報告。

本集團的資本基礎包括股本、保留溢利及調撥保留溢利產生的風險儲備、以組合形式評估貸款減值所作之撥備以及其他儲備。

資本充足架構計及嵌入資產的風險的不同水平。經計及任何合資格抵押品或擔保後，根據資產性質應用不同兌換因素，並反映對相關風險的估計。對資產負債表外風險採取類似處理方法，並作出若干調整以反映更難以預計的潛在虧損。

下表概述本集團於呈報期末的資本基礎組成及比率。年內，本集團遵守財政司司長制定的所有資本規定。

- To support the Group's stability and growth;
- To allocate capital in an efficient and risk based approach to optimise risk adjusted return to the 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 issued by the Financial Secretary. The minimum Capital-to-Assets ratio ("CAR") stipulated in the guidelines is 5%. The CAR is calculated as a ratio, expressed as a percentage, of the Group's total capital base to the sum of its total on-balance sheet and total off-balance sheet risk-weighted exposures.

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. Any breach or likely breach of the CAR guidelines must be reported to the Financial Secretary.

The Group's capital base comprises share capital, retained profits and contingency reserve created by appropriations of retained profits, allowance for loan impairment under collective assessment and other reserves.

The capital adequacy framework takes into account different levels of risk embedded in assets. Conversion factors are applied to assets according to their nature and reflecting an estimate of underlying risks, taking into account any eligible collateral or guarantee. A similar treatment is adopted for off-balance sheet exposures, with some adjustments to reflect the more contingent nature of the potential losses.

The table below summarises the composition of capital base and the ratios of the Group as at the end of the reporting period. During the year, the Group complied with all of the capital requirement set by the Financial Secretary.

		2010 千港元 HK\$'000	2009 千港元 HK\$'000
股本	Share capital	2,000,000	2,000,000
保留溢利	Retained profits	4,561,624	3,925,694
風險儲備	Contingency reserve	437,435	189,833
其他儲備	Other reserves	265,057	160,329
以組合形式評估貸款減值所作之撥備	Allowance for loan impairment under collective assessment	2,029	14,011
資本總額	Total capital base	7,266,145	6,289,867
資本對資產比率	CAR	10.8%	9.5%

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賬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

本集團至少每季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觀察可得數據，在可識別出貸款組合個別貸款的預計未來現金流減少前，反映組合有關下跌的可計量數額。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，會依據貸款風險特徵及客觀減值證據與有關組合相若的資產過往虧損經驗。本集團會定期檢討估計未來現金流金額及時間的方法及假設，以縮小估計虧損及實際虧損經驗的差異。

4.2. 衍生工具的公平值

並無活躍市場報價的金融工具公平值採用估值方法釐定。使用估值方法（如模型）釐定公平值時，該等方法經獨立於建立此等模型相關範疇的合資格人士核實及定期檢討。所有模型於使用前均被核實及調整以確保結果反映實際數據及可比較市價。在可行情況下，此等模型僅使用觀察所得數據，然而，信貸風險、波幅及相關系數等若干方面則需管理層作出估計。有關此等因素之假設的轉變可能影響所呈報的金融工具公平值。敏感度分析載於附註3.3。

4.3. 可供出售投資減值

若可供出售投資的公平值大幅或持續跌至低於其成本，本集團即判定該等投資已減值。釐定是否大幅及持續需運用判斷。作出判斷時，本集團評估（其中包括）上市價格日常波動。此外，倘投資的財務穩健程度、行業及類別表現轉差以及技術、營運及融資現金流量出現變動，亦顯示可能出現減值。

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 at least on a quarterly 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.

4.2 Fair value of derivatives

The fair value of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (for example, models) are used to determine fair value, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are validated before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data, however areas such as credit risk, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments. Sensitivity analysis is set out in Note 3.3.

4.3 Impairment of available-for-sale investments

The Group determines that available-for-sale investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates, among other factors, the normal volatility in listed price. In addition, impairment may be appropriate when there is evidence of a deterioration in the financial health of the investment, industry and sector performance, changes in technology, and operational and financing cash flows.

4.4. 持有至到期投資

本集團依照香港會計準則第39號之指引，運用重大判斷，將具有既定或確定付款額及還款期的若干非衍生工具金融資產分類為持有至到期投資。作出判斷時，本集團會評估持有投資之目的及持有該資產至到期之能力。除香港會計準則第39號所指定的特定情況外，倘本集團未能持有該等投資至到期，則須將全部資產重新分類為可供出售投資並以公平值而非攤銷成本計量。

4.5. 利得稅

本集團在香港須繳納利得稅。釐定利得稅撥備時需作出重大估計。日常業務過程中進行的多項交易及計算的最終稅項無法確定。本集團基於估計有否到期應繳的額外稅項確認預期稅務事宜的負債。倘該等事項的最終稅務結果有別於原來記錄的金額，則有關差額將影響釐定期間的所得稅及遞延稅項撥備。

5. 分類分析

本集團主要從事按揭業務。其他業務，例如為提供資金以購入按揭貸款而發行債務工具，及將按揭貸款收取款項所產生的盈餘資金進行再投資，視為按揭業務的附屬業務。本集團亦可以從單一按揭業務分類在集團層面計量其表現。

雖然按揭業務作為單一分類管理，惟按揭業務位於香港、韓國、馬來西亞及中國內地四個地區。香港分類包括香港按揭業務，而非香港分類包括韓國按揭資產、於馬來西亞一家共同控制實體的投資及於中華人民共和國深圳市的一家附屬公司的投資。主要經營決策人根據地區分類評估表現。

下表呈列截至二零一零年及二零零九年十二月三十一日止年度經營分類的收益及溢利資料。

4.4 Held-to-maturity investments

The Group follows the guidance of HKAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity other than for the specific circumstances defined in HKAS 39, it will be required to reclassify the entire class as available-for-sale and measured at fair value, not amortised cost.

4.5 Profits tax

The Group is subject to profits tax in Hong Kong. Significant estimates are required in determining the provision for profits tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax and deferred tax provisions in the period in which such determination is made.

5. Segment analysis

The Group is principally engaged in mortgage business. 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 performance is measured at Group level in a single segment for mortgage business.

Although the mortgage business is managed as a single segment, the mortgage business is located in four geographical areas, namely Hong Kong, Korea, Malaysia and China. The segment for Hong Kong includes the mortgage business in Hong Kong. The segment for non-Hong Kong includes the mortgage assets in Korea, investment in a jointly controlled entity in Malaysia and investment in a subsidiary in Shenzhen, People's Republic of China. The Chief Operating Decision maker assesses the performance based on geographical segments.

The following tables represent revenue, profit and other information for operating segments of the Group for the years ended 31 December 2010 and 2009.

		香港 Hong Kong 千港元 HK\$'000	非香港 Non-Hong Kong 千港元 HK\$'000	總額 Total 千港元 HK\$'000
截至二零一零年十二月三十一日止年度	Year ended 31 December 2010			
利息收入	Interest income	905,246	236,137	1,141,383
利息支出	Interest expense	(96,906)	(73,896)	(170,802)
淨利息收入	Net interest income	808,340	162,241	970,581
其他收入	Other income	583,623	4,176	587,799
經營收入	Operating income	1,391,963	166,417	1,558,380
經營支出	Operating expenses	(136,842)	(34,583)	(171,425)
未計減值前的經營溢利	Operating profit before impairment	1,255,121	131,834	1,386,955
貸款減值回撥	Write-back of loan impairment allowances	16,663	–	16,663
應佔共同控制實體溢利	Share of profit of a jointly controlled entity	–	2,259	2,259
除稅前溢利	Profit before taxation	1,271,784	134,093	1,405,877
稅項	Taxation			(172,015)
本年度溢利	Profit for the year			1,233,862
年內資本開支	Capital expenditure during the year	8,802	64	8,866

		香港 Hong Kong 千港元 HK\$'000	非香港 Non-Hong Kong 千港元 HK\$'000	總額 Total 千港元 HK\$'000
截至二零零九年十二月三十一日止年度	Year ended 31 December 2009			
利息收入	Interest income	1,056,085	282,216	1,338,301
利息支出	Interest expense	(176,106)	(124,488)	(300,594)
淨利息收入	Net interest income	879,979	157,728	1,037,707
其他收入	Other income	230,584	1,004	231,588
經營收入	Operating income	1,110,563	158,732	1,269,295
經營支出	Operating expenses	(123,337)	(34,499)	(157,836)
未計減值前的經營溢利	Operating profit before impairment	987,226	124,233	1,111,459
貸款減值回撥	Write-back of loan impairment allowances	36,837	–	36,837
應佔共同控制實體溢利	Share of profit of a jointly controlled entity	–	1,922	1,922
除稅前溢利	Profit before taxation	1,024,063	126,155	1,150,218
稅項	Taxation			(144,186)
本年度溢利	Profit for the year			1,006,032
年內資本開支	Capital expenditure during the year	15,111	2,734	17,845

		香港 Hong Kong 千港元 HK\$'000	非香港 Non-Hong Kong 千港元 HK\$'000	總額 Total 千港元 HK\$'000
於二零一零年十二月三十一日	As at 31 December 2010			
分類資產	Segment assets	42,832,359	12,069,899	54,902,258
共同控制實體投資	Investment in a jointly controlled entity	–	130,720	130,720
資產總值	Total assets	42,832,359	12,200,619	55,032,978
分類負債	Segment liabilities	35,477,850	11,953,088	47,430,938
		香港 Hong Kong 千港元 HK\$'000	非香港 Non-Hong Kong 千港元 HK\$'000	總額 Total 千港元 HK\$'000
於二零零九年十二月三十一日	As at 31 December 2009			
分類資產	Segment assets	44,027,821	15,607,613	59,635,434
共同控制實體投資	Investment in a jointly controlled entity	–	115,190	115,190
資產總值	Total assets	44,027,821	15,722,803	59,750,624
分類負債	Segment liabilities	37,511,123	15,498,410	53,009,533

6. 利息收入

6. Interest income

		本集團 The Group	
		2010 千港元 HK\$'000	2009 千港元 HK\$'000
貸款組合	Loan portfolio	855,015	1,060,315
現金及短期資金	Cash and short-term funds	31,311	36,328
證券投資 – 上市	Investment securities – listed	75,054	82,176
證券投資 – 非上市	Investment securities – unlisted	180,003	159,482
		1,141,383	1,338,301

本年度利息收入包括323,000港元（二零零九年：488,000港元）個別已減值貸款的應計利息收入。

Included within interest income is HK\$323,000 for the year (2009: HK\$488,000) with respect to interest income accrued on individually impaired loans.

7. 利息支出

7. Interest expense

		本集團 The Group	
		2010 千港元 HK\$'000	2009 千港元 HK\$'000
須於五年內悉數償還的銀行貸款、已發行債務及按揭證券	Bank loans, debt and MBS issued wholly repayable within 5 years	143,647	241,376
毋須於五年內悉數償還的已發行債務及按揭證券	Debt and MBS issued not wholly repayable within 5 years	27,155	59,218
		170,802	300,594

本年度利息支出包括167,000,000港元（二零零九年：221,000,000港元）並非以公平值變化計入損益的金融負債。

Included within interest expenses are HK\$167 million (2009: HK\$221 million) for financial liabilities that are not at fair value through profit and loss.

8. 其他收入

8. Other income

		本集團 The Group	
		2010 千港元 HK\$'000	2009 千港元 HK\$'000
提早還款費用及過期罰款	Early prepayment fees and late charges	18,278	19,742
已滿期保費淨額(附註14)	Net insurance premiums earned (Note 14)	417,931	149,429
匯兌差額	Exchange difference	35,479	5,833
金融工具公平值變動	Change in fair value of financial instruments	309	13,011
可供出售上市投資的股息收入	Dividend income from available-for-sale listed investments	43,595	42,224
出售可供出售投資的收益淨額 (附註11))	Net gain on disposal of available-for-sale investments (Note 11)	64,752	5,277
其他	Others	7,455	(3,928)
		587,799	231,588

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收益188,000,000港元(二零零九年：虧損783,300,000港元)及被對沖項目公平值虧損183,000,000港元(二零零九年：收益785,400,000港元)；及(ii)指定為以公平值變化計入損益的衍生工具公平值收益10,000,000港元(二零零九年：虧損31,600,000港元)及指定以公平值變化計入損益的已發行債務證券公平值虧損15,000,000港元(二零零九年：收益42,500,000港元)。

Change in fair value of financial instruments represents the aggregate of (i) HK\$188 million fair value gain on hedging instruments designated as fair value hedge (2009: HK\$783.3 million loss) and HK\$183 million fair value loss on the hedged items (2009: HK\$785.4 million gain); and (ii) HK\$10 million fair value gain on derivatives designated as at fair value through profit or loss (2009: HK\$31.6 million loss) and HK\$15 million fair value loss on issued debt securities designated as at fair value through profit or loss (2009: HK\$42.5 million gain).

9. 經營支出

9. Operating expenses

		本集團 The Group	
		2010 千港元 HK\$'000	2009 千港元 HK\$'000
僱員成本	Staff costs		
薪金及福利	Salaries and benefits	107,797	102,633
退休金成本－界定供款計劃	Pension costs – defined contribution plans	5,706	5,608
辦公室	Premises		
租金	Rental	7,800	7,268
其他	Others	6,679	7,050
董事酬金	Directors' emoluments	–	–
折舊(附註24)	Depreciation (Note 24)	12,928	10,890
財經資訊服務	Financial information services	5,510	5,593
顧問費	Consultancy fees	12,494	6,702
其他經營支出	Other operating expenses	12,511	12,092
		171,425	157,836

10. 核數師酬金

10. Auditor's remuneration

		本集團 The Group	
		2010 千港元 HK\$'000	2009 千港元 HK\$'000
審核服務	Audit services	880	867
其他服務	Other services	859	1,186
		1,739	2,053

11. 出售可供出售投資的收益淨額

11. Net gain on disposal of available-for-sale investments

		本集團 The Group	
		2010 千港元 HK\$'000	2009 千港元 HK\$'000
出售可供出售投資的收益淨額：	Net gain on disposal of available-for-sale investments:		
– 於一月一日變現已於儲備內確認的款項（附註31）	– realisation of amounts recognised in reserves up to 1 January (note 31)	40,554	3,522
– 本年度產生收益淨額	– net gain arising in current year	24,198	1,755
		64,752	5,277

12. 貸款減值回撥

12. Write-back of loan impairment allowances

		本集團 The Group	
		2010 千港元 HK\$'000	2009 千港元 HK\$'000
貸款減值回撥	Write-back of loan impairment allowances –		
– 組合評估（附註20(b)）	collective assessment (Note 20 (b))	16,663	36,837

13. 稅項

(a) 於綜合收益表內扣除的稅項為：

13. Taxation

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

		本集團 The Group	
		2010 千港元 HK\$'000	2009 千港元 HK\$'000
香港利得稅	Hong Kong profits tax		
– 本年度撥備	– Provision for current year	171,681	126,419
– 過往年度撥備不足	– Underprovision in prior years	16	15,110
		171,697	141,529
遞延稅項	Deferred taxation		
– 本年度支出	– Charge for current year	318	2,657
		172,015	144,186

就本年度產生的估計應課稅溢利按16.5%（二零零九年：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%（二零零九年：16.5%）的主要稅率計算全部的暫時差額。

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：

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 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% (2009: 16.5%).

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:

		本集團 The Group	
		2010 千港元 HK\$'000	2009 千港元 HK\$'000
除稅前溢利	Profit before taxation	1,405,877	1,150,218
按16.5%（二零零九年：16.5%）的稅率計算	Calculated at a taxation rate of 16.5% (2009: 16.5%)	231,970	189,786
應佔共同控制實體溢利的稅務影響	Tax effect of share of profit of a jointly controlled entity	(373)	(317)
毋須繳稅的收入	Income not subject to taxation	(82,023)	(91,044)
不可扣稅的開支	Expenses not deductible for taxation purposes	22,425	30,651
過往年度撥備不足	Underprovision in prior years	16	15,110
稅項開支	Taxation charge	172,015	144,186

(b) 財務狀況表內的稅項撥備為：

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

		本集團 The Group		本公司 The Company	
		2010 千港元 HK\$'000	2009 千港元 HK\$'000	2010 千港元 HK\$'000	2009 千港元 HK\$'000
香港利得稅撥備	Provision for Hong Kong profits tax	133,560	138,329	134,532	131,850
遞延稅項負債	Deferred tax liabilities	37,167	15,209	37,167	15,213
		170,727	153,538	171,699	147,063

於二零一零年及二零零九年十二月三十一日，概無任何重大未撥備遞延稅項。

There was no significant unprovided deferred taxation as at 31 December 2010 and 2009.

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:

		本集團 The Group					
		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	稅項虧損 Tax losses 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
於二零零九年一月一日	As at 1 January 2009	2,497	(13,995)	(10)	(4,223)	(13,173)	(28,904)
於收益表內扣除	Charged to the income statement	951	1,696	10	—	—	2,657
於權益內扣除(附註31)	Charged to equity (Note 31)	—	—	—	37,311	4,145	41,456
於二零零九年十二月三十一日	As at 31 December 2009	3,448	(12,299)	—	33,088	(9,028)	15,209
於收益表內(撥回)/扣除	(Released)/charged to the income statement	(207)	525	—	—	—	318
於權益內扣除(附註31)	Charged to equity (Note 31)	—	—	—	17,307	4,333	21,640
於二零一零年十二月三十一日	As at 31 December 2010	3,241	(11,774)	—	50,395	(4,695)	37,167

		本公司 The Company				
		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
於二零零九年一月一日	As at 1 January 2009	2,497	(13,990)	(4,223)	(13,173)	(28,889)
於收益表內扣除	Charged to the income statement	951	1,695	—	—	2,646
於權益內扣除(附註31)	Charged to equity (Note 31)	—	—	37,311	4,145	41,456
於二零零九年十二月三十一日	As at 31 December 2009	3,448	(12,295)	33,088	(9,028)	15,213
於收益表內(撥回)/扣除	(Released)/charged to the income statement	(207)	521	—	—	314
於權益內扣除(附註31)	Charged to equity (Note 31)	—	—	17,307	4,333	21,640
於二零一零年十二月三十一日	As at 31 December 2010	3,241	(11,774)	50,395	(4,695)	37,167

14. 按揭保險業務的收益賬

14. Revenue account for mortgage insurance business

		本集團 The Group	
		2010 千港元 HK\$'000	2009 千港元 HK\$'000
毛保費	Gross premiums written	862,282	839,042
再保險保費	Reinsurance premiums	(70,925)	(54,392)
保險費淨額(附註27(a))	Net premiums written (Note 27(a))	791,357	784,650
未滿期保費的增加淨額	Increase in unearned premiums, net	(367,081)	(613,572)
已滿期保費淨額(附註27(a))	Net premiums earned (Note 27(a))	424,276	171,078
產生的申索(附註27(b))	Claims incurred (Note 27(b))	(6,345)	(21,649)
撥備後已滿期保費淨額(附註8)	Net premiums earned after provisions (Note 8)	417,931	149,429
管理開支(附註a)	Management expenses (Note a)	(22,248)	(14,399)
承保收益	Underwriting gains	395,683	135,030

附註

(a) 管理開支為附註9經營支出的一部分。

Note

(a) The management expenses formed part of the operating expenses in Note 9.

15. 本年度溢利

本公司財務報表所載本年度溢利為1,199,473,000港元(二零零九年：973,951,000港元)。

15. Profit for the year

The profit for the year is dealt with in the financial statements of the Company to the extent of HK\$1,199,473,000 (2009: HK\$973,951,000).

16. 股息

16. Dividend

		本公司 The Company	
		2010 千港元 HK\$'000	2009 千港元 HK\$'000
擬派股息每股普通股0.175港元 (二零零九年：0.25港元)	Proposed dividend of HK\$0.175 (2009: HK\$0.25) per ordinary share	350,000	500,000

於二零一零年已付二零零九年度股息5億港元。於二零一一年四月十二日，董事建議派發二零一零年末期股息每股普通股0.175港元。此項建議股息並無列為於二零一零年十二月三十一日的應付股息。

The dividend paid in 2010 in respect of 2009 was HK\$500 million. The directors proposed a final dividend in respect of 2010 of HK\$0.175 per ordinary share on 12 April 2011. The proposed dividend is not reflected as a dividend payable as at 31 December 2010.

17. 現金及短期資金

17. Cash and short-term funds

		本集團 The Group		本公司 The Company	
		2010 千港元 HK\$'000	2009 千港元 HK\$'000	2010 千港元 HK\$'000	2009 千港元 HK\$'000
銀行現金	Cash at banks	49,470	57,248	36,918	44,740
銀行定期存款	Time deposits with banks	5,853,179	4,010,550	5,732,591	3,880,012
		5,902,649	4,067,798	5,769,509	3,924,752

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.

		本集團 The Group		本公司 The Company	
		2010 千港元 HK\$'000	2009 千港元 HK\$'000	2010 千港元 HK\$'000	2009 千港元 HK\$'000
銀行現金	Cash at banks	49,470	57,248	36,918	44,740
銀行定期存款	Time deposits with banks	4,495,604	3,770,871	4,404,640	3,646,012
現金及等同現金項目	Cash and cash equivalents	4,545,074	3,828,119	4,441,558	3,690,752

18. 應收利息及匯款

18. Interest and remittance receivables

		本集團 The Group		本公司 The Company	
		2010 千港元 HK\$'000	2009 千港元 HK\$'000	2010 千港元 HK\$'000	2009 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	497,467	443,221	495,491	440,007
– 證券投資	– investment securities	81,330	77,432	81,330	77,432
– 銀行定期存款	– time deposits with banks	2,345	169	2,175	131
貸款組合的應收利息及分期付款	Interest receivable and instalments, in transit from loan portfolio	76,008	189,708	66,236	181,239
		657,150	710,530	645,232	698,809

19. 衍生金融工具

(a) 應用衍生工具

本集團應用下列衍生工具對沖本集團的金融風險。就會計處理而言，根據香港會計準則第39號金融工具：確認及計量，衍生工具分類為以公平值變化計入損益或按公平值或現金流對沖的對沖工具。

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經濟轉換。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。本集團參考現行公平值、名義合約數額比例，及市場的流通量持續監測有關風險。

若干種類金融工具的名義金額，為於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。

19. Derivative financial instruments

(a) Use of derivative

The Group uses the following derivative instruments to hedge the Group's financial risks. For accounting purposes, derivative instrument are designated as at fair value through profit or loss or hedging instruments under fair value or cash flow hedges as defined in HKAS 39 Financial Instruments: Recognition and Measurement.

Currency and interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic 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 with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market.

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the 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 amount 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.

		本集團 The Group					
		2010			2009		
		合約/ 名義金額 Contract/ notional amount 千港元 HK\$'000	公平值 Fair values		合約/ 名義金額 Contract/ notional amount 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		資產 Assets 千港元 HK\$'000	負債 Liabilities 千港元 HK\$'000
(i) 指定以公平值變化計入損益的衍生工具	(i) Derivatives designated as at fair value through profit or loss						
利率掉期	Interest rate swaps	7,443,726	64,754	(26,822)	20,736,942	127,084	(106,858)
貨幣掉期	Currency swaps	7,342,056	13,090	(8,093)	902,100	–	(993)
			77,844	(34,915)		127,084	(107,851)
(ii) 指定為公平值對沖的衍生工具	(ii) Derivatives designated as fair value hedge						
利率掉期	Interest rate swaps	27,330,675	1,029,206	(2,819)	31,372,819	1,034,874	(2,847)
貨幣掉期	Currency swaps	7,488,846	289,571	(2,487)	8,629,385	133,867	(40,521)
			1,318,777	(5,306)		1,168,741	(43,368)
(iii) 指定為現金流對沖的衍生工具	(iii) Derivatives designated as cash flow hedge						
貨幣掉期	Currency swaps	2,354,149	–	(4,151)	11,760,464	21,550	(7,027)
			–	(4,151)		21,550	(7,027)
已確認衍生資產/(負債)總額	Total recognised derivative assets/(liabilities)		1,396,621	(44,372)		1,317,375	(158,246)

		本公司 The Company					
		2010			2009		
		合約/ 名義金額 Contract/ notional amount 千港元 HK\$'000	公平值 Fair values		合約/ 名義金額 Contract/ notional amount 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		資產 Assets 千港元 HK\$'000	負債 Liabilities 千港元 HK\$'000
(i) 指定以公平值變化計入損益的衍生工具	(i) Derivatives designated as at fair value through profit or loss						
利率掉期	Interest rate swaps	7,443,726	64,754	(26,822)	20,736,942	127,084	(106,858)
貨幣掉期	Currency swaps	7,342,056	13,090	(8,093)	902,100	–	(993)
			77,844	(34,915)		127,084	(107,851)
(ii) 指定為公平值對沖的衍生工具	(ii) Derivatives designated as fair value hedge						
利率掉期	Interest rate swaps	26,630,675	1,005,107	(2,819)	30,447,819	990,601	(2,847)
貨幣掉期	Currency swaps	7,488,846	289,571	(2,487)	8,629,385	133,867	(40,521)
			1,294,678	(5,306)		1,124,468	(43,368)
(iii) 指定為現金流對沖的衍生工具	(iii) Derivatives designated as cash flow hedge						
貨幣掉期	Currency swaps	2,354,149	–	(4,151)	11,760,464	21,550	(7,027)
			–	(4,151)		21,550	(7,027)
已確認衍生資產/(負債)總額	Total recognised derivative assets/(liabilities)		1,372,522	(44,372)		1,273,102	(158,246)

(b) 對沖活動

倘衍生工具為公平值對沖或現金流對沖，就會計處理而言，入賬時符合對沖資格。

(b) Hedging activities

Derivatives may qualify as hedges for accounting purposes if they are fair value hedges or cash flow hedges.

(i) 公平值對沖

本集團的公平值對沖主要包括用於保障因定息金融工具公平值的任何潛在變動引致的利率風險的利率及貨幣掉期。

(ii) 現金流對沖

本集團使用屬現金流對沖的貨幣掉期對沖外幣金融工具現金流變動產生的部分外匯風險。

(c) 重置成本及潛在未來信貸風險

重置成本為重置所有市價估值為其正值的衍生工具合約成本。潛在未來信貸風險金額指根據資本對資產比率指引（附註3.7）計算的金額。本集團從未遇到交易對手不履約的情形。

衍生工具合約的重置成本及潛在未來信貸風險金額載於下文。該等金額並無計入與交易對手進行雙向結算安排的影響。

(i) Fair value hedges

The Group's fair value hedge principally consists of interest rate and currency swaps that are used to protect interest rate risk resulting from any potential change in fair value of fixed rate financial instruments.

(ii) Cash flow hedges

The Group hedges a portion of foreign exchange risks arising from variability of cash flows from foreign currency denominated financial instruments using currency swaps under cash flow hedge.

(c) Replacement costs and potential future credit expenses

The replacement costs represent the cost of replacing all derivative contracts that have a positive value when marked to market. The potential future credit exposure amounts refer to the amount as computed in accordance with the Capital-to-Assets ratio guidelines (Note 3.7). The Group has not experienced any non-performance by its counterparties.

The replacement costs and potential future credit exposure amounts of the derivative contracts are as follows. These amounts do not take into account the effects of bilateral netting arrangements with the counterparties.

		本集團 The Group			
		2010		2009	
		重置成本 Replacement cost 千港元 HK\$'000	潛在未來 信貸風險 Potential future credit exposure 千港元 HK\$'000	重置成本 Replacement cost 千港元 HK\$'000	潛在未來 信貸風險 Potential future credit exposure 千港元 HK\$'000
利率合約	Interest rate contracts				
– 利率掉期	– Interest rate swaps	1,442,892	139,612	1,556,847	182,660
匯率合約	Exchange rate contracts				
– 貨幣掉期	– Currency swaps	332,268	661,650	184,827	945,386
		1,775,160	801,262	1,741,674	1,128,046

		本公司 The Company			
		2010		2009	
		重置成本 Replacement cost 千港元 HK\$'000	潛在未來 信貸風險 Potential future credit exposure 千港元 HK\$'000	重置成本 Replacement cost 千港元 HK\$'000	潛在未來 信貸風險 Potential future credit exposure 千港元 HK\$'000
利率合約	Interest rate contracts				
– 利率掉期	– Interest rate swaps	1,416,817	139,612	1,509,359	179,160
匯率合約	Exchange rate contracts				
– 貨幣掉期	– Currency swaps	332,268	661,650	184,827	945,386
		1,749,085	801,262	1,694,186	1,124,546

20. 貸款組合淨額

(a) 貸款組合減撥備

		本集團 The Group		本公司 The Company	
		2010 千港元 HK\$'000	2009 千港元 HK\$'000	2010 千港元 HK\$'000	2009 千港元 HK\$'000
按揭貸款組合	Mortgage portfolio				
住宅	Residential				
– 香港	– Hong Kong	18,081,110	21,980,141	14,932,355	20,323,237
– 海外	– Overseas	11,912,250	15,441,285	11,912,250	15,441,285
商業	Commercial	4,000,000	4,000,000	4,000,000	4,000,000
證券化組合 (附註33)	Securitised portfolio (Note 33)	717,786	1,314,685	–	–
非按揭貸款組合	Non-mortgage portfolio	549,820	1,066,616	549,820	1,066,616
		35,260,966	43,802,727	31,394,425	40,831,138
貸款減值撥備	Allowance for loan impairment	(2,029)	(14,011)	(2,027)	(13,975)
		35,258,937	43,788,716	31,392,398	40,817,163

於二零一零年十二月三十一日，以貸款合約為基準計算，及未計入本地按揭貸款提早還款的情況下，按揭貸款組合的加權平均年期尚餘九年（二零零九年：九年）。按揭貸款組合最遲於二零五零年到期。

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：

As at 31 December 2010, the mortgage portfolio had a weighted average remaining term of 9 years (2009: 9 years) on a contractual basis, without taking into account any prepayment of local mortgage loans. Final maturity of the mortgage portfolio is in the year 2050.

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

		本集團 The Group		本公司 The Company	
		2010	2009	2010	2009
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%	0.03%	0.01%	0.03%

(b) 按揭貸款組合的貸款減值撥備

		本集團 The Group		本公司 The Company	
		2010 千港元 HK\$'000	2009 千港元 HK\$'000	2010 千港元 HK\$'000	2009 千港元 HK\$'000
組合評估	Collective assessment				
於一月一日	As at 1 January	14,011	50,536	13,975	49,773
撇銷貸款	Loans written off	–	(2,748)	–	(2,748)
於收益表內撥回 (附註12))	Released to income statement (Note 12)	(16,663)	(36,837)	(16,629)	(36,110)
收回已撇銷貸款	Recoveries of loans previously written off	4,760	3,382	4,760	3,382
撥備折現值撥回	Unwind of discount on allowance	(79)	(322)	(79)	(322)
於十二月三十一日	As at 31 December	2,029	14,011	2,027	13,975

作出貸款減值撥備時，已考慮拖欠貸款的抵押品的目前市值。概無就海外及商業按揭貸款組合作出減值撥備。年內，貸款減值撥備7,000港元（二零零九年：2,641,000港元）已轉撥至收回資產（附註25）。

以組合形式評估的個別已減值貸款分析如下：

(b) Allowance for loan impairment on mortgage portfolio

Allowance for loan impairment was made after taking into account the current market value of the collateral of the delinquent loan. There is no impairment provided for overseas and commercial mortgage portfolio. During the year, allowance for loan impairment of HK\$7,000 (2009: HK\$2,641,000) has been transferred to repossessed assets (Note 25).

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

		本集團 The Group		本公司 The Company	
		2010 千港元 HK\$'000	2009 千港元 HK\$'000	2010 千港元 HK\$'000	2009 千港元 HK\$'000
減值貸款組合總額	Gross impaired loan portfolio	278	5,377	278	5,377
貸款減值撥備	Allowance for loan impairment	(22)	(1,811)	(22)	(1,811)
		256	3,566	256	3,566
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	7.9%	33.7%	7.9%	33.7%
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的貸款所作貸款減值撥備為2,007,000港元（二零零九年：12,200,000港元）。

Allowance for loan impairment under collective assessment for loans not individually identified are HK\$2,007,000 (2009: HK\$12,200,000).

(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

		本集團及本公司 The Group and the Company		
		2010		
		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
於以下期間應收款項：	Amounts receivable:			
– 一年內	– within one year	57,467	10,492	67,959
– 一年後但五年內	– after one year but within five years	193,302	31,305	224,607
– 五年後	– after five years	299,051	28,696	327,747
		549,820	70,493	620,313

		本集團及本公司 The Group and the Company		
		2009		
		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
於以下期間應收款項：	Amounts receivable:			
– 一年內	– within one year	93,661	20,369	114,030
– 一年後但五年內	– after one year but within five years	335,541	63,433	398,974
– 五年後	– after five years	637,414	69,650	707,064
		1,066,616	153,452	1,220,068

於二零一零年十二月三十一日及二零零九年十二月三十一日，本集團及本公司並無就融資租賃應收款項作出減值撥備。

There is no impairment allowance for finance lease receivable as at 31 December 2010 and 31 December 2009 of the Group and the Company.

21. 證券投資

(a) 可供出售證券

21. Investment securities

(a) Available-for-sale securities

		本集團及本公司 The Group and the Company	
		2010 千港元 HK\$'000	2009 千港元 HK\$'000
按公平值列賬的債務證券	Debt securities at fair value		
非上市	Unlisted	1,934,627	2,452,054
於香港上市	Listed in Hong Kong	–	78,466
於香港以外地區上市	Listed outside Hong Kong	–	56,824
		1,934,627	2,587,344
按公平值列賬的其他證券	Other securities at fair value		
於香港上市	Listed in Hong Kong	1,469,339	1,025,720
可供出售證券總額	Total available-for-sale securities	3,403,966	3,613,064

其他證券指交易所買賣基金及房地產投資信託。

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

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:

		本集團及本公司 The Group and the Company	
		2010 千港元 HK\$'000	2009 千港元 HK\$'000
銀行及其他金融機構	Banks and other financial institutions	1,368,020	2,452,054
公司企業	Corporate entities	66,719	–
公營機構	Public sector entities	–	135,290
中央政府	Central governments	499,888	–
其他	Others	1,469,339	1,025,720
		3,403,966	3,613,064

可供出售證券的變動概述如下：

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

		本集團及本公司 The Group and the Company	
		2010 千港元 HK\$'000	2009 千港元 HK\$'000
於一月一日	As at 1 January	3,613,064	2,052,552
增加	Additions	4,263,000	3,134,672
處置(出售及贖回)	Disposals (sale and redemption)	(4,620,012)	(1,811,701)
攤銷	Amortisation	(1,088)	8,539
公平值變動	Change in fair value	143,631	227,272
外幣匯兌差額	Exchange difference	5,371	1,730
於十二月三十一日	As at 31 December	3,403,966	3,613,064

(b) 持有至到期證券

(b) Held-to-maturity securities

		本集團及本公司 The Group and the Company	
		2010 千港元 HK\$'000	2009 千港元 HK\$'000
按攤銷成本列賬的債務證券	Debt securities at amortised cost		
於香港上市	Listed in Hong Kong	1,014,324	1,166,552
於香港境外上市	Listed outside Hong Kong	3,024,472	2,244,441
		4,038,796	3,410,993
非上市	Unlisted	3,994,337	2,407,005
持有至到期證券總額	Total held-to-maturity securities	8,033,133	5,817,998
上市證券的市值 — 持有至到期	Market value of listed securities – held-to-maturity	4,181,338	3,504,167

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:

		本集團及本公司 The Group and the Company	
		2010 千港元 HK\$'000	2009 千港元 HK\$'000
銀行及其他金融機構	Banks and other financial institutions	5,742,185	3,939,368
公司企業	Corporate entities	623,601	622,626
公營機構	Public sector entities	863,630	715,548
中央政府	Central governments	737,822	293,287
其他	Others	65,895	247,169
		8,033,133	5,817,998

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:

		本集團及本公司 The Group and the Company	
		2010 千港元 HK\$'000	2009 千港元 HK\$'000
於一月一日	As at 1 January	5,817,998	5,614,666
增加	Additions	4,341,842	2,923,038
贖回	Redemption	(2,130,621)	(2,731,226)
攤銷	Amortisation	(7,093)	(2,838)
外幣匯兌差額	Exchange difference	11,007	14,358
於十二月三十一日	As at 31 December	8,033,133	5,817,998

22. 附屬公司投資

22. Investment in subsidiaries

		本公司 The Company	
		2010 千港元 HK\$'000	2009 千港元 HK\$'000
非上市股份，成本值	Unlisted shares, at cost	103,060	103,060
附屬公司所欠款項	Due from a subsidiary	3,102,572	1,630,520
		3,205,632	1,733,580

附屬公司所欠款項無抵押及無固定還款期，並按市場利率計息。

The amount due from a subsidiary is unsecured and has no fixed term of repayment. Interest is charged at market rates.

於二零一零年十二月三十一日，附屬公司的詳情如下：

The details of the subsidiaries as at 31 December 2010 are:

名稱 Name	註冊成立地點 Place of incorporation	主要業務 Principal activities	已發行／已註冊股本詳情 Particulars of issued /registered capital	所持實際股權 Effective equity held
香港按揭管理 有限公司 HKMC Mortgage Management Limited	香港 Hong Kong	購入及管理 按揭貸款 Mortgage purchases and servicing	1,000,000 港元 每股普通股面值 1 港元 HK\$1,000,000 of HK\$1 ordinary share each	100%
深圳經緯盈富擔保 有限公司 Bauhinia HKMC Corporation Limited	中國 PRC	按揭貸款 擔保業務 Mortgage guarantee business	人民幣 1 億元 註冊股本 RMB100 million registered capital	90%

23. 共同控制實體投資

23. Investment in a jointly controlled entity

		本集團 The Group	
		2010 千港元 HK\$'000	2009 千港元 HK\$'000
於一月一日	As at 1 January	115,190	111,989
扣除稅項後應佔的溢利	Share of profit, net of tax	2,259	1,922
外幣匯兌差額 (附註31)	Exchange differences (Note 31)	13,108	1,279
其他權益變動 — 公平值儲備 (附註31)	Other equity movement – fair value reserve (Note 31)	163	—
於十二月三十一日	As at 31 December	130,720	115,190

		本公司 The Company	
		2010 千港元 HK\$'000	2009 千港元 HK\$'000
非上市股份，成本值	Unlisted shares, at cost	120,554	120,554

於二零一零年十二月三十一日，共同控制實體的詳情如下： The details of the jointly controlled entity as at 31 December 2010 are:

名稱 Name	註冊成立地點 Place of incorporation	主要業務 Principal activities	已發行股本的面值 Nominal value of issued capital	所持股份類別 Class of shares held	直接持有 普通股百分比 % of ordinary shares directly held
Cagamas HKMC Berhad	馬來西亞	按揭貸款擔保業務	馬幣 1 億元	普通股	50%
Cagamas HKMC Berhad	Malaysia	Mortgage guaranty business	每股面值馬幣 1 元 RM100 million of RM1 each	Ordinary	50%

本集團於共同控制實體的權益概述如下：

The summarised financial information in respect of the Group's interest in a jointly controlled entity is as follows:

		2010 千港元 HK\$'000	2009 千港元 HK\$'000
資產	Assets	131,217	115,928
負債	Liabilities	(497)	(738)
應佔淨資產	Share of net assets	130,720	115,190
收入	Income	3,927	3,389
年度應佔溢利	Share of profit for the year	2,259	1,922

24. 固定資產

24. Fixed assets

		本集團 The Group				
		租賃物業 裝修 Leasehold improvement	辦公室設備、 傢俬及裝置 Office equipment, furniture and fixtures	電腦 Computers	汽車 Motor vehicle	總額 Total
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
於二零零九年一月一日	Net book amount as at 1 January 2009	2,707	1,111	10,409	75	14,302
添置	Additions	1,137	994	15,714	–	17,845
折舊 (附註9)	Depreciation charge (Note 9)	(1,627)	(725)	(8,482)	(56)	(10,890)
於二零零九年十二月三十一日	Net book amount as at 31 December 2009	2,217	1,380	17,641	19	21,257
添置	Additions	77	259	8,530	–	8,866
折舊 (附註9)	Depreciation charge (Note 9)	(2,016)	(923)	(9,970)	(19)	(12,928)
外幣匯兌調整	Exchange adjustments	7	17	33	–	57
於二零一零年十二月三十一日	Net book amount as at 31 December 2010	285	733	16,234	–	17,252
於二零一零年十二月三十一日	As at 31 December 2010					
成本值	Cost	9,273	7,269	133,196	226	149,964
累計折舊	Accumulated depreciation	(8,988)	(6,536)	(116,962)	(226)	(132,712)
賬面淨額	Net book amount	285	733	16,234	–	17,252

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		租賃物業 裝修 Leasehold improvement	辦公室設備、 傢俬及裝置 Office equipment, furniture and fixtures	電腦 Computers	汽車 Motor vehicle	總額 Total
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
於二零零九年一月一日	Net book amount as at					
賬面淨額	1 January 2009	2,707	1,111	10,409	75	14,302
添置	Additions	601	123	14,387	–	15,111
折舊	Depreciation charge	(1,480)	(553)	(8,324)	(56)	(10,413)
於二零零九年十二月三十一日	Net book amount as at					
賬面淨額	31 December 2009	1,828	681	16,472	19	19,000
添置	Additions	72	240	8,490	–	8,802
折舊	Depreciation charge	(1,718)	(568)	(9,517)	(19)	(11,822)
於二零一零年十二月三十一日	Net book amount as at					
賬面淨額	31 December 2010	182	353	15,445	–	15,980
於二零一零年十二月三十一日	As at 31 December 2010					
成本值	Cost	8,711	6,345	131,778	226	147,060
累計折舊	Accumulated depreciation	(8,529)	(5,992)	(116,333)	(226)	(131,080)
賬面淨額	Net book amount	182	353	15,445	–	15,980

25. 預付款項、按金及其他資產 25. Prepayments, deposits and other assets

		本集團 The Group		本公司 The Company	
		2010 千港元 HK\$'000	2009 千港元 HK\$'000	2010 千港元 HK\$'000	2009 千港元 HK\$'000
收回資產	Reposessed assets	3,861	3,317	3,861	3,317
公司會籍債券	Corporate club debentures	750	750	750	750
應收可供出售(上市) 投資股息	Dividend receivable from available-for-sale investments (listed)	14,032	15,530	14,032	15,530
其他	Others	9,016	12,998	10,577	17,084
		27,659	32,595	29,220	36,681

26. 應付賬項、應付開支及其他負債 26. Accounts payable, accrued expenses and other liabilities

		本集團 The Group		本公司 The Company	
		2010 千港元 HK\$'000	2009 千港元 HK\$'000	2010 千港元 HK\$'000	2009 千港元 HK\$'000
應付賬項及應付開支	Accounts payable and accrued expenses	113,043	126,205	146,710	172,018
其他應付款項	Other payable	—	—	467,734	591,108
其他負債	Other liabilities	4,163,057	4,133,740	4,163,057	4,133,740
其他撥備	Other provisions	15,037	14,232	14,765	14,083
		4,291,137	4,274,177	4,792,266	4,910,949

其他負債是指用於二零零三年十二月及二零零四年一月自香港特別行政區(「香港特區」)政府購買的按揭貸款加強信貸安排的遞延代價。

截至二零一零年十二月三十一日，本公司向 Bauhinia MBS Limited 出售30億港元按揭貸款作證券化，並繼續按其擔保及持續參與的程度，確認按揭貸款為「貸款組合淨額」，以及於「其他應付款項」確認一筆應付 Bauhinia MBS Limited 的負債。於二零一零年十二月三十一日，本公司財務狀況表中的其他應付款項為467,734,000港元(二零零九年：591,108,000港元)。

Other liabilities represented the deferred consideration used for credit enhancement on the mortgage loans purchased from the Government of the Hong Kong Special Administrative Region ("HKSAR") in December 2003 and January 2004.

Up to 31 December 2010, the Company sold HK\$3 billion of mortgage loans to Bauhinia MBS Limited for securitisation, in which, the Company continues to recognise the mortgage loans in "Loan portfolio, net" to the extent of the guarantee and continuing involvement. A liability due to Bauhinia MBS Limited shown as "Other payable" has also been recognised. As at 31 December 2010, other payable was HK\$467,734,000 (2009: HK\$591,108,000) in the Company's statement of financial position.

27. 保險負債及再保險資產

27. Insurance liabilities and reinsurance assets

		本集團及本公司 The Group and the Company			本集團及本公司 The Group and the Company		
		2010			2009		
		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
未滿期保費撥備	Provision for unearned premium	1,689,054	190,284	1,498,770	1,372,427	240,738	1,131,689
未決申索撥備	Provision for outstanding claims						
– 已申報/(收回)申索	– claims reported/(recovery)	–	(164)	164	2,091	(27)	2,118
– 已產生但未申報申索	– claims incurred but not reported	84,611	14,771	69,840	87,800	25,390	62,410
		84,611	14,607	70,004	89,891	25,363	64,528
		1,773,665	204,891	1,568,774	1,462,318	266,101	1,196,217

(a) 未滿期保費撥備變動分析如下

(a) Analysis of movements in provision for unearned premiums

		本集團及本公司 The Group and the Company			本集團及本公司 The Group and the Company		
		2010			2009		
		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	1,372,427	240,738	1,131,689	829,370	311,253	518,117
已收取保費(附註14)	Premiums written (Note 14)	862,282	70,925	791,357	839,042	54,392	784,650
已滿期保費(附註14)	Premiums earned (Note 14)	(545,655)	(121,379)	(424,276)	(295,985)	(124,907)	(171,078)
於十二月三十一日	As at 31 December	1,689,054	190,284	1,498,770	1,372,427	240,738	1,131,689

(b) 未決申索撥備變動分析如下

(b) Analysis of movements in provision for outstanding claims

		本集團及本公司 The Group and the Company			本集團及本公司 The Group and the Company		
		2010			2009		
		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	89,891	25,363	64,528	79,370	37,189	42,181
已付申索	Claims paid	–	1,175	(1,175)	(1,804)	(1,969)	165
已收回申索	Claims recovery	508	202	306	1,207	674	533
已產生申索(附註14)	Claims incurred (Note 14)						
– 已申報申索	– claims reported	(2,599)	(1,515)	(1,084)	2,500	1,310	1,190
– 已產生但未申報申索	– claims incurred but not reported	(3,189)	(10,618)	7,429	8,618	(11,841)	20,459
於十二月三十一日	As at 31 December	84,611	14,607	70,004	89,891	25,363	64,528

c) 負債充足測試

(c) Liability adequacy test

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，測試顯示於二零一零年及二零零九年十二月三十一日，本集團有足夠保險負債。

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 2010 and 2009, the Group's insurance liabilities are adequate.

28. 已發行債務證券

28. Debt securities issued

		本集團 The Group		本公司 The Company	
		2010 千港元 HK\$'000	2009 千港元 HK\$'000	2010 千港元 HK\$'000	2009 千港元 HK\$'000
按攤銷成本列賬的債務證券	Debt securities carried at amortised cost				
債務工具計劃債券	DIP notes	4,118,849	4,218,169	4,397,000	4,218,169
按攤銷成本列賬的債務證券總額	Total debt securities carried at amortised cost	4,118,849	4,218,169	4,397,000	4,218,169
指定為公平值對沖的債務證券	Debt securities designated as fair value hedge				
債務工具計劃債券	DIP notes	20,774,658	24,013,513	20,774,658	24,013,513
零售債券發行計劃及其他債券	RBIP and other notes	699,802	1,760,614	699,802	1,760,614
中期債券發行計劃債券	MTN notes	11,597,306	11,656,629	11,597,306	11,656,629
指定為公平值對沖的債務證券總額	Total debt securities designated as fair value hedge	33,071,766	37,430,756	33,071,766	37,430,756
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				
債務工具計劃債券	DIP notes	1,756,638	2,329,306	1,756,638	2,329,306
零售債券發行計劃及其他債券	RBIP and other notes	180,482	167,341	180,482	167,341
中期債券發行計劃債券	MTN notes	–	349,501	–	349,501
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	1,937,120	2,846,148	1,937,120	2,846,148
已發行債務證券總額	Total debt securities issued	39,127,735	44,495,073	39,405,886	44,495,073

於年內，本集團於初始確認時指定該等金融負債的1,074,000,000港元（二零零九年：2,272,000,000港元）名義價值以公平值變化計入損益。該等金融負債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賬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612,080,000港元（二零零九年：581,052,000港元）。

該等指定為以公平值列賬的金融負債沒有任何重大盈虧源自本公司之信貸風險變動。

During the year, the Group designated on initial recognition HK\$1,074,000,000 (2009: HK\$2,272,000,000) nominal value of such financial liabilities 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\$612,080,000 (2009: HK\$581,052,000) lower than the amount that the Group would be contractually required to pay at maturity to the note holders.

There were no significant gains or losses attributable to changes in the credit risk of the 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:

		本集團 The Group		本公司 The Company	
		2010 千港元 HK\$'000	2009 千港元 HK\$'000	2010 千港元 HK\$'000	2009 千港元 HK\$'000
於一月一日	As at 1 January	44,023,620	40,967,452	44,023,620	41,412,787
發行	Issuance	8,279,703	22,688,680	10,103,499	29,092,736
減：贖回	Less: Redemption	(13,838,443)	(19,645,595)	(15,384,088)	(26,494,986)
外幣匯兌差額	Exchange difference	5,591	13,083	5,591	13,083
名義價值總額	Total nominal value	38,470,471	44,023,620	38,748,622	44,023,620
折讓未攤銷部分	Unamortised portion of discount	(697,973)	(665,658)	(697,973)	(665,658)
公平值調整	Fair value adjustment	1,355,237	1,137,111	1,355,237	1,137,111
於十二月三十一日	As at 31 December	39,127,735	44,495,073	39,405,886	44,495,073

本年度發行的債券：

Notes issued during the year comprise:

		本集團 The Group			本公司 The Company		
		債務工具 計劃 DIP 千港元 HK\$'000	零售債券 發行計劃 RBIP 千港元 HK\$'000	中期債券 發行計劃 MTN 千港元 HK\$'000	債務工具 計劃 DIP 千港元 HK\$'000	零售債券 發行計劃 RBIP 千港元 HK\$'000	中期債券 發行計劃 MTN 千港元 HK\$'000
已發行金額面值	Amount issued at nominal value	7,104,000	–	1,175,703	8,927,796	–	1,175,703
已收取款項	Consideration received	7,018,267	–	1,175,268	8,842,026	–	1,175,268

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.

29. 已發行按揭證券

29. Mortgage-backed securities issued

		本集團 The Group	
		2010 千港元 HK\$'000	2009 千港元 HK\$'000
按攤銷成本列賬的按揭證券	MBS at amortised cost		
按揭證券化計劃	MBS Programme	—	60,305
Bauhinia 按揭證券化計劃	Bauhinia MBS Programme	805,650	990,815
		805,650	1,051,120
指定為公平值對沖的按揭證券	MBS designated as fair value hedge		
Bauhinia 按揭證券化計劃	Bauhinia MBS Programme	724,099	969,274
已發行按揭證券總額(附註36)	Total MBS issued (Note 36)	1,529,749	2,020,394
於一月一日	As at 1 January	1,976,121	3,147,577
減：贖回	Less: Redemption	(470,471)	(1,171,456)
總名義價值	Total nominal value	1,505,650	1,976,121
公平值調整	Fair value adjustment	24,099	44,273
於十二月三十一日	As at 31 December	1,529,749	2,020,394

所有按揭證券均為特設公司的抵押責任，並為向本公司購買按揭貸款組合提供資金而發行。按揭貸款組合中1,185,520,000港元(二零零九年：1,905,793,000港元)已作為所發行按揭證券的抵押品(附註36)。已發行按揭證券總額中805,650,000港元(二零零九年：1,276,120,000港元)的面值由本公司擔保。

All MBS are collateralised obligation of the SPEs and are issued for the purpose of providing funds to purchase mortgage portfolios from the Company. HK\$1,185,520,000 (2009: HK\$1,905,793,000) of mortgage portfolio are collateralised for the MBS issued (Note 36). Out of the total MBS issued, nominal value of HK\$805,650,000 (2009: HK\$1,276,120,000) are guaranteed by the Company.

30. 股本

30. Share capital

		二零一零年及 二零零九年 2010 and 2009 千港元 HK\$'000
法定	Authorised	
每股面值1港元的30億股普通股	3 billion ordinary shares of HK\$1 each	3,000,000
已發行及繳足	Issued and fully paid	
每股面值1港元的20億股普通股	2 billion ordinary shares of HK\$1 each	2,000,000

31. 其他儲備

31. Other reserves

		本集團 The Group				
		風險儲備 Contingency reserve	公平值儲備 Fair value reserve	對沖儲備 Hedging reserve	匯兌儲備 Translation reserve	總額 Total
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
於二零零九年一月一日	As at 1 January 2009	123,545	(21,371)	(66,666)	(8,557)	26,951
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	– unrealised net gains	–	227,272	–	–	227,272
– 出售時變現 (附註 11)	– realisation on disposal (Note 11)	–	(3,522)	–	–	(3,522)
– 稅項 (附註 13(b))	– tax effect (Note 13(b))	–	(37,311)	–	–	(37,311)
– 攤銷 *	– amortisation*	–	2,381	–	–	2,381
現金流對沖	Cash flow hedges					
– 直接於權益確認因對沖產生的收益淨額	– net gains arising from hedges recognised directly in equity	–	–	25,126	–	25,126
– 稅項 (附註 13(b))	– tax effect (Note 13(b))	–	–	(4,145)	–	(4,145)
貨幣匯兌差額	Currency translation difference					
– 附屬公司	– subsidiary	–	–	–	158	158
– 共同控制實體 (附註 23)	– jointly controlled entity (Note 23)	–	–	–	1,279	1,279
其他全面收入	Other comprehensive income	–	188,820	20,981	1,437	211,238
由保留溢利轉撥已滿期風險保費淨額的 50% 至風險儲備	Transfer of 50% of net risk premium earned from retained profits to contingency reserve	76,313	–	–	–	76,313
由風險儲備撥回至保留溢利	Release of contingency reserve to retained profits	(10,025)	–	–	–	(10,025)

* 未變現虧損於可供出售證券轉撥至持有至到期證券時於收益表攤銷。

* amortisation of unrealised loss to income statement on available-for-sale securities transferred to held-to-maturity securities.

		本集團 The Group				
		風險儲備 Contingency reserve	公平值儲備 Fair value reserve	對沖儲備 Hedging reserve	匯兌儲備 Translation reserve	總額 Total
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
於二零零九年十二月三十一日 / 二零一零年一月一日	As at 31 December 2009/ 1 January 2010	189,833	167,449	(45,685)	(7,120)	304,477
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	– unrealised net gains	–	143,631	–	–	143,631
– 出售時變現 (附註 11)	– realisation on disposal (Note 11)	–	(40,554)	–	–	(40,554)
– 稅項 (附註 13(b))	– tax effect (Note 13(b))	–	(17,307)	–	–	(17,307)
– 未變現收益淨額 — 共同控制實體 (附註 23)	– unrealised net gains – jointly controlled entity (Note 23)	–	163	–	–	163
– 攤銷 *	– amortisation*	–	1,809	–	–	1,809
現金流對沖	Cash flow hedges					
– 直接於權益確認因對沖 產生的收益淨額	– net gains arising from hedges recognised directly in equity	–	–	26,340	–	26,340
– 撥入收益表的公平值變動	– fair value changes transferred to income statement	–	–	(79)	–	(79)
– 稅項 (附註 13(b))	– tax effect (Note 13(b))	–	–	(4,333)	–	(4,333)
貨幣匯兌差額	Currency translation difference					
– 附屬公司	– subsidiary	–	–	–	3,878	3,878
– 共同控制實體 (附註 23)	– jointly controlled entity (Note 23)	–	–	–	13,108	13,108
其他全面收入	Other comprehensive income	–	87,742	21,928	16,986	126,656
由保留溢利轉撥已滿期 風險保費淨額的 50% 至風險儲備	Transfer of 50% of net risk premium earned from retained profits to contingency reserve	260,282	–	–	–	260,282
由風險儲備撥回至保留溢利	Release of contingency reserve to retained profits	(12,680)	–	–	–	(12,680)
於二零一零年十二月 三十一日	As at 31 December 2010	437,435	255,191	(23,757)	9,866	678,735

* 未變現虧損於可供出售證券轉撥至持有至到期證券時於收益表攤銷。

* amortisation of unrealised loss to income statement on available-for-sale securities transferred to held-to-maturity securities.

		本公司 The Company			
		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
於二零零九年一月一日	As at 1 January 2009	123,545	(21,371)	(66,666)	35,508
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	– unrealised net gains	–	227,272	–	227,272
– 出售時變現 (附註 11)	– realisation on disposal (Note 11)	–	(3,522)	–	(3,522)
– 稅項 (附註 13(b))	– tax effect (Note 13(b))	–	(37,311)	–	(37,311)
– 攤銷 *	– amortisation*	–	2,381	–	2,381
現金流對沖	Cash flow hedges				
– 直接於權益確認 因對沖產生的收益淨額	– net gains arising from hedges recognised directly in equity	–	–	25,126	25,126
– 稅項 (附註 13(b))	– tax effect (Note 13(b))	–	–	(4,145)	(4,145)
其他全面收入	Other comprehensive income	–	188,820	20,981	209,801
由保留溢利轉撥已滿期 風險保費淨額的 50% 至風險儲備	Transfer of 50% of net risk premium earned from retained profits to contingency reserve	76,313	–	–	76,313
由風險儲備撥回至保留溢利	Release of contingency reserve to retained profits	(10,025)	–	–	(10,025)
於二零零九年十二月三十一日/ 二零一零年一月一日	As at 31 December 2009/1 January 2010	189,833	167,449	(45,685)	311,597
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	– unrealised net gains	–	143,631	–	143,631
– 出售時變現 (附註 11)	– realisation on disposal (Note 11)	–	(40,554)	–	(40,554)
– 稅項 (附註 13(b))	– tax effect (Note 13(b))	–	(17,307)	–	(17,307)
– 攤銷 *	– amortisation*	–	1,809	–	1,809
現金流對沖	Cash flow hedges				
– 直接於權益確認 因對沖產生的收益淨額	– net gains arising from hedges recognised directly in equity	–	–	26,340	26,340
– 撥入收益表的公平值變動	– fair value changes transferred to income statement	–	–	(79)	(79)
– 稅項 (附註 13(b))	– tax effect (Note 13(b))	–	–	(4,333)	(4,333)
其他全面收入	Other comprehensive income	–	87,579	21,928	109,507
由保留溢利轉撥已滿期 風險保費淨額的 50% 至風險儲備	Transfer of 50% of net risk premium earned from retained profits to contingency reserve	260,282	–	–	260,282
由風險儲備撥回至保留溢利	Release of contingency reserve to retained profits	(12,680)	–	–	(12,680)
於二零一零年十二月三十一日	As at 31 December 2010	437,435	255,028	(23,757)	668,706

* 未變現虧損於可供出售證券轉撥至持有至到期證券時於收益表攤銷。

* amortisation of unrealised loss to income statement on available-for-sale securities transferred to held-to-maturity securities.

32. 與有關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份所擁有。本公司與有關人士訂立了多項交易。

與香港金融管理局（「香港金管局」）、政府相關機構及香港特區政府的交易包括：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；向財政司司長法團租用辦公室及購買按揭貸款。

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。於二零一零年十二月三十一日，並無未償餘額（二零零九年：無）。截至二零一零年十二月三十一日，本公司於香港外匯基金票據的投資總額是5億港元（二零零九年：無），而本公司向財政司司長法團購買約1.54億港元（二零零九年：1.73億港元）按揭貸款。

與附屬公司的交易包括在正常營運中，就附屬公司向核准賣方／管理供款機構所購買的按揭貸款提供按揭保險。

與特設公司的交易包括為特設公司所發行的按揭證券提供擔保（附註33）。

年內，由於上述交易而衍生的收入和支出及跟相關人士的結存及結欠項目的結餘，歸納如下：

- (i) 年度收入與支出

32. Material related party transactions

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

Transactions with the Hong Kong Monetary Authority (“HKMA”), the government-related entities and the Government of HKSAR included subscribing to the custodian and clearing agent services provided by the Central Moneymarkets Unit (“CMU”) Service operated by the HKMA, renting office premises from The Financial Secretary Incorporated (“FSI”) and purchasing of mortgage loans from the FSI.

The Exchange Fund through the HKMA had provided the Company with a HK\$30 billion revolving credit facility, and there was no outstanding balance (2009: nil) as at 31 December 2010. The Company held investment of HK\$500 million (2009: nil) in the Hong Kong Exchange Fund Bills (“EFB”) as at 31 December 2010. In 2010, the Company purchased about HK\$154 million (2009: HK\$173 million) of mortgage loans from the FSI.

Transactions with the subsidiary included the provision of mortgage insurance cover for mortgage loans purchased by the subsidiary from the Approved Sellers/Services in the course of its ordinary business.

Transactions with the SPEs included acting as the guarantor for the MBS issued by the SPEs (Note 33).

The amount of income and expenses arising from these transactions during the year, the balances of the amounts due to and from the relevant related parties were as follows:

- (i) Income and expenses for the year:

		本集團、 政府及政府相關機構 The Group The Government and government-related entities	
		2010 千港元 HK\$'000	2009 千港元 HK\$'000
利息收入 — 外匯基金票據	Interest income – EFB	274	—
其他支出 — 債務工具中央 結算系統服務	Other expenses – CMU service	914	832
辦公室 — 租金	Premises – rental	6,368	6,368

(ii) 於十二月三十一日結餘

(ii) Balances as at 31 December:

		本集團 The Group		本公司 The Company					
		政府 The Government		政府 The Government		附屬公司 Subsidiaries		特設公司 Special purpose entities	
		2010 千港元 HK\$'000	2009 千港元 HK\$'000	2010 千港元 HK\$'000	2009 千港元 HK\$'000	2010 千港元 HK\$'000	2009 千港元 HK\$'000	2010 千港元 HK\$'000	2009 千港元 HK\$'000
應收集團公司款項 (附註22)	Amounts due from a group company (Note 22)	-	-	-	-	3,102,572	1,630,520	-	-
應付集團公司款項	Amounts due to group companies	-	-	-	-	-	-	32,800	40,992
其他應付款項 (附註26)	Other payable (Note 26)	-	-	-	-	-	-	467,734	591,108
其他負債(附註26)	Other liabilities (Note 26)	4,163,057	4,133,740	4,163,057	4,133,740	-	-	-	-
按揭證券化計劃 財務擔保	Financial guarantees under the MBS programmes	-	-	-	-	-	-	805,868	1,277,647
風險投保總額	Total risk-in-force	-	-	-	-	544,921	220,140	-	-

(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 comprises:

		2010 千港元 HK\$'000	2009 千港元 HK\$'000
薪金及其他短期僱員福利	Salaries and other short-term employee benefits	13,678	13,120
離職後福利	Post-employment benefits	951	942
		14,629	14,062

33. 特設公司及證券化

本公司通過兩家特設公司，即香港按揭證券融資（第一）有限公司及 Bauhinia MBS Limited 進行按揭貸款組合證券化工作，因而向該兩家特設公司轉讓按揭貸款組合。該等轉讓可能導致有關按揭貸款組合須全面或局部於本公司財務狀況表內終止確認。

當本公司轉讓其自按揭貸款組合收取現金流量的合約權利及其擁有權的絕大部分風險及回報時，會全面終止確認按揭貸款組合。

當本公司出售或以其他方式轉讓按揭貸款組合，以致轉讓擁有權中某一部分（而非絕大部分）風險及回報，但仍保留控制權，則會局部終止確認按揭貸款組合。該等按揭貸款組合按持續參與程度在財務狀況表確認。

大部分轉讓予特設公司而不符合全面終止確認條件的按揭貸款組合，為本公司擔保的按揭證券。

本公司因繼續參與證券化活動而仍保留的權利及責任，初步分配列入在轉讓日期被終止確認部分及繼續確認部分的金融資產公平值。

香港（準則詮釋委員會）詮釋第12號綜合賬目——特設公司規定，當特設公司與申報公司的關係實質上反映特設公司由申報公司控制，則須綜合計入特設公司，因此須於綜合財務狀況表重新綜合計入已轉讓的資產。下表概述轉讓予特設公司已於本公司財務狀況表終止確認，但因香港（準則詮釋委員會）詮釋第12號而重新綜合計入綜合財務狀況表的按揭貸款組合之未償還本金結餘。

33. Special purpose entities and securitisations

The Company uses two special purpose entities (“SPE”) namely HKMC Funding Corporation (1) Limited and Bauhinia MBS Limited to securitise mortgage portfolio that result in the transfer of mortgage portfolio to two SPEs. These transfers may give rise to full or partial derecognition of the mortgage portfolio concerned from the Company’s statement of financial position.

Full derecognition occurs when the Company transfers its contractual right to receive cash flows from the mortgage portfolio and substantially all the risks and rewards of ownership.

Partial derecognition occurs when the Company sells or otherwise transfers mortgage portfolio in such a way that some but not substantially all of the risks and rewards of ownership are transferred but control is retained. These mortgage portfolio are recognised on the statement of financial position to the extent of continuing involvement.

The majority of mortgage portfolio transferred to the SPEs, that do not qualify for full derecognition, are MBS guaranteed by the Company.

The rights and obligations that the Company retains from its continuing involvement in securitisations are initially recorded as an allocation of the fair value of the financial asset between the part that is derecognised and the part that continues to be recognised on the date of transfer.

HK(SIC) INT-12 Consolidation – Special Purpose Entities requires consolidation of SPEs when the substance of the relationships between the SPE and the reporting entity indicates that the SPE is controlled by the reporting entity. This results in consolidating back the transferred assets to the consolidated statement of financial position. The following summarises the outstanding principal balances of the mortgage portfolio transferred to the SPEs that were derecognised from the Company’s statement of financial position but were consolidated back to the consolidated statement of financial position as a result of HK(SIC) INT-12.

		2010 千港元 HK\$'000	2009 千港元 HK\$'000
香港按揭證券融資（第一）有限公司	HKMC Funding Corporation (1) Limited	—	59,829
Bauhinia MBS Limited	Bauhinia MBS Limited	717,786	1,254,856
已轉讓予特設公司的按揭貸款組合（附註20(a)）	Mortgage portfolio transferred to the SPEs (Note 20(a))	717,786	1,314,685

34. 承擔

(a) 資本

		本集團 The Group		本公司 The Company	
		2010 千港元 HK\$'000	2009 千港元 HK\$'000	2010 千港元 HK\$'000	2009 千港元 HK\$'000
已批准但未訂約	Authorised but not contracted for	19,166	19,643	19,107	19,352

(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：

		本集團 The Group		本公司 The Company	
		2010 千港元 HK\$'000	2009 千港元 HK\$'000	2010 千港元 HK\$'000	2009 千港元 HK\$'000
辦公室物業	Office premises				
不多於一年	not later than one year	318	7,264	—	6,368
多於一年但不多於五年	later than one year and not later than five years	—	306	—	—
		318	7,570	—	6,368

年底後，本公司與財政司司長法團訂立一份為期三年的租約；財政司司長法團以年租金7,833,000港元，租予本公司在香港的辦公室物業。

34. Commitments

(a) Capital

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

Subsequent to the year end, the Company entered into a lease for a period of 3 years with the FSI by which the FSI let to the Company office premises in Hong Kong at a yearly rental of HK\$7,833,000.

35. 按揭保險業務

本公司與核准再保險公司互相關擔風險，經營按揭保險業務。

於二零一零年十二月三十一日，風險投保總額約為176億港元（二零零九年：149.2億港元），其中24億港元（二零零九年：33.3億港元）已向核准再保險公司購買再保險，而本公司則自行承擔餘下152億港元（二零零九年：115.9億港元）的風險。

在餘下的152億港元由本公司承擔的風險投保額當中，19億港元風險投保額的超額虧損已透過運用超額損失再保險的安排將中間層的風險作對沖，而本公司所保留部分的風險，包括首次虧損的風險損失和可能性極低的風險。

36. 已抵押資產

特設公司已將其資產抵押作擔保或透過抵押方式進行轉讓，以根據有關證券化計劃規定發行有擔保或無擔保按揭證券。證券化計劃委任的抵押信託人將於有關特設公司（就有擔保按揭證券而言，則本公司作為擔保人）就任何一批按揭證券拖欠付款或違約時，行使該等作為已抵押資產的抵押品。

35. Mortgage insurance business

The Company operates its mortgage insurance business on a risk-sharing basis with its approved reinsurers.

As 31 December 2010, the total risk-in-force was approximately HK\$17.6 billion (2009: HK\$14.92 billion) of which HK\$2.4 billion (2009: HK\$3.33 billion) was ceded to the approved reinsurers and the balance of HK\$15.2 billion (2009: HK\$11.59 billion) was retained by the Company.

Out of the HK\$15.2 billion of risk-in-force retained by the Company, the excess loss of HK\$1.9 billion of risk-in-force was hedged through the use of excess-of-loss reinsurance arrangement to reinsure the middle layer risk positions, and the Company retains a portion of the total risk comprising the first-loss and remote risk portions.

36. Pledged assets

SPEs have charged their assets as securities or otherwise transferred by way of security for issuing guaranteed or non-guaranteed MBS in accordance with the provisions under the relevant securitisation programmes. The security trustee appointed under the relevant securitisation programmes will enforce the securities over the relevant pledged assets when the relevant SPE (and, in the case of guaranteed MBS, the Company as guarantor) defaults in payment under any series of MBS or otherwise on the occurrence of an event of default in respect of any series of MBS.

		本集團 The Group	
		2010 千港元 HK\$'000	2009 千港元 HK\$'000
已抵押資產	Assets pledged		
銀行定期存款	Time deposits with banks	9,567	28,317
證券投資	Investment securities	278,151	—
按揭貸款組合	Mortgage portfolio	1,185,520	1,905,793
應收利息	Interest receivable	31	267
		1,473,269	1,934,377
有抵押負債	Secured liabilities		
已發行按揭證券（附註29）	Mortgage-backed securities issued (Note 29)	1,529,749	2,020,394

已抵押按揭貸款組合包括特設公司賬冊所載的證券化按揭貸款組合（附註33），已轉讓按揭貸款組合按揭擔保及持續參與度繼續於「貸款組合淨額」內確認為資產（附註26）。

1,800萬港元（二零零九年：570萬港元）的定期存款已抵押予銀行作為中國按揭擔保業務的保證金。

37. 通過財務報表

董事局於二零一一年四月十二日通過本財務報表。

Mortgage portfolio pledged included securitised mortgage portfolio recorded in the SPE's book (Note 33) and the transferred mortgage portfolio continued to be recognised as assets in "Loan portfolio, net" to the extent of the guarantee and continuing involvement (Note 26).

Time deposits of HK\$18 million (2009: HK\$5.7 million) are pledged as security deposits with a bank for mortgage guarantee business in China.

37. Approval of financial statements

The financial statements were approved by the Board of Directors on 12 April 2011.

附註甲

Annex A

核准賣方／管理供款機構 (於2010年12月底)

1. 中國銀行(香港)
2. 交通銀行股份有限公司
3. 東亞銀行
4. 中國建設銀行(亞洲)股份有限公司
5. 中國建設銀行(亞洲)財務有限公司
6. 集友銀行
7. 創興銀行
8. 花旗銀行(香港)有限公司
9. 中信嘉華銀行
10. 大新銀行
11. 星展銀行(香港)有限公司
12. 富邦銀行(香港)有限公司
13. 香港特別行政區政府
14. 恒生銀行
15. 恒生存款有限公司
16. 恒生財務有限公司
17. 香港房屋委員會

List of Approved Seller/Serviceers as at end of December 2010

1. Bank of China (Hong Kong) Limited
2. Bank of Communications Co., Ltd.
3. The Bank of East Asia, Limited
4. China Construction Bank (Asia) Corporation Limited
5. China Construction Bank (Asia) Finance Limited
6. Chiyu Banking Corporation Limited
7. Chong Hing Bank Limited
8. Citibank (Hong Kong) Limited
9. CITIC Ka Wah Bank Limited
10. Dah Sing Bank, Limited
11. DBS Bank (Hong Kong) Limited
12. Fubon Bank (Hong Kong) Limited
13. The Government of the Hong Kong Special Administrative Region
14. Hang Seng Bank Limited
15. Hang Seng Credit Limited
16. Hang Seng Finance Limited
17. The Hong Kong Housing Authority

18. 香港房屋協會	18. Hong Kong Housing Society
19. 香港上海滙豐銀行	19. The Hongkong and Shanghai Banking Corporation Limited
20. 英利信用財務有限公司	20. Inchroy Credit Corporation Limited
21. 中國工商銀行(亞洲)	21. Industrial and Commercial Bank of China (Asia) Limited
22. The Link Finance Limited	22. The Link Finance Limited
23. 蘇格蘭皇家銀行	23. The Royal Bank of Scotland N.V.
24.* 港鐵儲蓄互助社	24.* Metro Credit Union
25. 豐明銀行	25. MEVAS Bank Limited
26. 南洋商業銀行	26. Nanyang Commercial Bank, Limited
27. 歐力士(亞洲)有限公司	27. ORIX Asia Limited
28.* 歐力士財務服務香港有限公司	28.* ORIX Finance Services Hong Kong Limited
29. 大眾銀行(香港)有限公司	29. Public Bank (Hong Kong) Limited
30. 上海商業銀行	30. Shanghai Commercial Bank Limited
31. 渣打銀行(香港)有限公司	31. Standard Chartered Bank (Hong Kong) Limited
32. 永亨銀行	32. Wing Hang Bank, Limited
33. 永隆銀行	33. Wing Lung Bank Limited

* 只核准為賣方機構

* Approved as Seller only

附註乙

Annex B

按揭保險計劃核准再保險公司、債務工具發行計劃的主要交易商和銷售團成員、零售債券發行計劃的配售銀行、中期債券發行計劃的計劃安排和交易商及 Bauhinia 按揭證券化計劃的計劃安排和交易商名單

再保險公司

美國國際集團聯合保險（亞洲）有限公司
亞洲保險有限公司
恒生財險（香港）有限公司
匯豐保險（亞洲）有限公司
昆士蘭按揭保險（亞洲）有限公司

債務工具發行計劃

主要交易商

中國銀行（香港）
DBS Bank Ltd.
香港上海滙豐銀行
美林國際
三菱日聯證券（香港）有限公司
瑞士銀行

銷售團成員

中銀國際有限公司
東亞銀行
巴克萊銀行
法國巴黎銀行
花旗國際有限公司
澳洲聯邦銀行
東方滙理銀行
德意志銀行香港分行
高盛（亞洲）有限責任公司
恒生銀行
摩根大通證券（亞太）有限公司
澳洲銀行
蘇格蘭皇家銀行有限公司
法國興業亞洲有限公司
標準銀行亞洲有限公司
渣打銀行（香港）有限公司

零售債券發行計劃

配售銀行

中國銀行（香港）
交通銀行股份有限公司香港分行

List of Mortgage Reinsurers, Primary Dealers and Selling Group Members of Debt Issuance Programme, Placing Banks of Retail Bond Issuance Programme, Programme Arrangers and Dealers of Medium Term Note Programme and Programme Arranger and Dealers of Bauhinia MBS Programme

Mortgage Reinsurers

AIG United Guaranty Insurance (Asia) Limited
Asia Insurance Company, Limited
Hang Seng General Insurance (Hong Kong) Company Limited
HSBC Insurance (Asia) Limited
QBE Mortgage Insurance (Asia) Limited

Debt Issuance Programme

Primary Dealers

Bank of China (Hong Kong) Limited
DBS Bank Ltd.
The Hongkong and Shanghai Banking Corporation Limited
Merrill Lynch International
Mitsubishi UFJ Securities (HK), Limited
UBS AG

Selling Group Members

Bank of China International Limited
The Bank of East Asia, Limited
Barclays Bank PLC
BNP PARIBAS
Citicorp International Limited
Commonwealth Bank of Australia
Crédit Agricole Corporate and Investment Bank
Deutsche Bank AG, Hong Kong Branch
Goldman Sachs (Asia) L.L.C.
Hang Seng Bank Limited
J. P. Morgan Securities (Asia Pacific) Limited
National Australia Bank Limited, Hong Kong Branch
The Royal Bank of Scotland plc
Société Générale Asia Limited
Standard Bank Asia Limited
Standard Chartered Bank (Hong Kong) Limited

Retail Bond Issuance Programme

Placing Banks

Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd. Hong Kong Branch

東亞銀行
 中國建設銀行(亞洲)股份有限公司
 集友銀行
 創興銀行
 花旗銀行(香港)有限公司
 中信銀行國際
 大新銀行
 星展銀行(香港)有限公司
 富邦銀行(香港)有限公司
 恒生銀行
 香港上海滙豐銀行
 中國工商銀行(亞洲)
 南洋商業銀行
 上海商業銀行
 渣打銀行(香港)有限公司
 永亨銀行
 永隆銀行

中期債券發行計劃

計劃安排行

香港上海滙豐銀行
 J. P. Morgan Securities Ltd.

交易商

巴克萊銀行
 法國巴黎銀行
 Citigroup Global Markets Limited
 德意志銀行新加坡分行
 高盛(亞洲)有限責任公司
 香港上海滙豐銀行
 J. P. Morgan Securities Ltd.
 野村國際
 渣打銀行
 瑞士銀行

Bauhinia 按揭證券化計劃

計劃安排行

美林國際

交易商

巴克萊銀行
 花旗國際有限公司
 星展銀行(香港)有限公司
 德意志銀行香港分行
 香港上海滙豐銀行
 摩根大通證券(亞太)有限公司
 美林國際
 瑞士銀行

The Bank of East Asia, Limited
 China Construction Bank (Asia) Corporation Limited
 Chiyu Banking Corporation Limited
 Chong Hing Bank Limited
 Citibank (Hong Kong) Limited
 CITIC Bank International Limited
 Dah Sing Bank, Limited
 DBS Bank (Hong Kong) Limited
 Fubon Bank (Hong Kong) Limited
 Hang Seng Bank Limited
 The Hongkong and Shanghai Banking Corporation Limited
 Industrial and Commercial Bank of China (Asia) Limited
 Nanyang Commercial Bank, Limited
 Shanghai Commercial Bank Limited
 Standard Chartered Bank (Hong Kong) Limited
 Wing Hang Bank, Limited
 Wing Lung Bank Limited

Medium Term Note Programme

Programme Arrangers

The Hongkong and Shanghai Banking Corporation Limited
 J.P. Morgan Securities Ltd.

Dealers

Barclays Bank PLC
 BNP PARIBAS
 Citigroup Global Markets Limited
 Deutsche Bank AG, Singapore Branch
 Goldman Sachs (Asia) L.L.C.
 The Hongkong and Shanghai Banking Corporation Limited
 J.P. Morgan Securities Ltd.
 Nomura International plc
 Standard Chartered Bank
 UBS AG

Bauhinia MBS Programme

Programme Arranger

Merrill Lynch International

Dealers

Barclays Bank PLC
 Citicorp International Limited
 DBS Bank (Hong Kong) Limited
 Deutsche Bank AG, Hong Kong Branch
 The Hongkong and Shanghai Banking Corporation Limited
 J. P. Morgan Securities (Asia Pacific) Limited
 Merrill Lynch International
 UBS AG

附註丙
Annex C

主要業務統計數字

Key Business Statistics

		二零一零年 一月 Jan-10	二零一零年 二月 Feb-10	二零一零年 三月 Mar-10
資產購買計劃		Asset Purchase Programme		
核准賣方／管理供款機構數目	Number of Approved Sellers/Service	34	34	34
活躍賣方數目	Number of Active Sellers	28	28	28
住宅按揭貸款數目	Number of Residential Mortgage Loans	56,731	55,974	54,842
未償還本金餘額 (百萬港元)	Outstanding Principal Balance (HK\$ million)	22,530	21,942	21,157
90日以上拖欠率 (%)	> 90-Day Delinquency Ratio (%)	0.06%	0.06%	0.04%
每月提前還款 (%)	Monthly Prepayment Rate (%)	1.87%	1.82%	2.68%
加權平均數**		Weighted Average**		
批出貸款時的貸款額與物業價值比率 (%)	Loan-to-Value Ratio at Origination (%)	68.7	68.6	68.6
估計現有貸款額與物業價值比率 (%)	Estimated Current Loan-to-Value Ratio (%)	43.4	42.4	41.2
批出貸款時的債務對收入比率 (%)	Debt-to-Income Ratio at Origination (%)	36.5	36.5	36.5
合約剩餘年期 (月)	Remaining Contractual Term to Maturity (months)	175	173	171
已供款期數 (月)	Seasoning (months)	56	57	58
合約年期 (月)	Contractual Life (months)	231	230	229
宗數	Number	674	657	611
未償還本金餘額 (百萬港元)	Outstanding Principal Balance (HK\$ million)	5,019	4,981	4,893
總宗數	Total Number	57,405	56,631	55,453
未償還本金總餘額 (百萬港元)	Total Outstanding Principal Balance (HK\$ million)	27,549	26,923	26,050
		二零一零年 一月 Jan-10	二零一零年 二月 Feb-10	二零一零年 三月 Mar-10
按揭保險計劃		Mortgage Insurance Programme		
參與銀行數目	Number of Participating Banks	25	25	25
本年度截至本日止	Year-To-Date			
已批准申請	Applications Approved			
已批准申請數目	Number of Applications Approved	2,759	5,631	8,750
總金額 (百萬港元)	Total Amount (HK\$ million)	6,920	13,992	22,189
物業交易類型	Types of Property Transaction			
一手 (%)	Primary (%)	4	3	7
二手 (%)	Secondary (%)	96	97	93
已提取貸款	Loans Drawn Down			
已提取貸款數目	Number of Loans Drawn Down	981	1,883	3,621
總金額 (百萬港元)	Total Amount (HK\$ million)	2,456	4,716	9,000
物業交易類型	Types of Property Transaction			
一手 (%)	Primary (%)	3	4	3
二手 (%)	Secondary (%)	97	96	97
使用率 (%)	Usage Rate (%)			
已批准申請 (貸款金額)	By Applications Approved (Loan Amount)	23.4	24.9	23.9
已提取貸款 (貸款金額)	By Loans Drawn Down (Loan Amount)	14.2	13.7	14.6
		二零一零年 一月 Jan-10	二零一零年 二月 Feb-10	二零一零年 三月 Mar-10
未到期證券金額 (票面值)		Outstanding Treasury Securities (in nominal value)		
債務工具發行計劃 (百萬港元)	Debt Issuance Programme (HK\$ million)	30,349	28,549	27,089
中期債券發行計劃 (百萬港元)	Medium Term Note Programme (HK\$ million)	11,581	11,578	10,868
零售債券 (百萬港元)	Retail Bonds (HK\$ million)	1,915	1,915	1,915
Bauhinia 按揭證券 (百萬港元)	Bauhinia MBS (HK\$ million)	1,864	1,853	1,840

註：

Note:

** 不包括有共同融資及特別安排之按揭貸款

** Excluding mortgage loans with co-financing and special arrangements

二零一零年 四月 Apr-10	二零一零年 五月 May-10	二零一零年 六月 Jun-10	二零一零年 七月 Jul-10	二零一零年 八月 Aug-10	二零一零年 九月 Sep-10	二零一零年 十月 Oct-10	二零一零年 十一月 Nov-10	二零一零年 十二月 Dec-10
34 28	34 28	34 28	34 28	34 28	33 27	33 27	33 27	33 27
香港住宅按揭貸款 (包括已證券化的按揭貸款) Hong Kong Residential Mortgage Loans (including Securitised Mortgage Loans)								
53,814 20,434	52,685 19,608	51,940 19,897	51,220 19,335	50,726 19,043	49,581 18,287	49,255 19,107	48,798 19,352	47,686 18,574
0.04%	0.05%	0.05%	0.05%	0.05%	0.04%	0.03%	0.02%	0.05%
2.71%	3.25%	3.58%	2.98%	2.85%	3.12%	2.92%	2.55%	3.22%
68.5 40.6 36.5 169 59 228	68.4 39.7 36.5 167 60 227	69.7 41.5 36.4 175 57 232	69.7 40.5 36.4 175 57 232	69.2 39.6 36.1 173 58 231	69.1 38.7 36.1 172 58 230	72.4 43.3 36.1 190 53 243	71.4 42.7 35.9 191 50 241	71.3 42.1 35.9 192 51 243
香港非住宅按揭貸款和非按揭資產 Hong Kong Non-Residential Mortgage and Non-Mortgage Assets								
547 4,761	523 4,721	507 4,688	490 4,660	473 4,634	462 4,612	446 4,588	432 4,566	426 4,550
整體香港資產組合 Overall Hong Kong Portfolio								
54,361 25,195	53,208 24,329	52,447 24,585	51,688 23,995	51,199 23,677	50,043 22,899	49,701 23,695	49,230 23,918	48,112 23,124
二零一零年 四月 Apr-10	二零一零年 五月 May-10	二零一零年 六月 Jun-10	二零一零年 七月 Jul-10	二零一零年 八月 Aug-10	二零一零年 九月 Sep-10	二零一零年 十月 Oct-10	二零一零年 十一月 Nov-10	二零一零年 十二月 Dec-10
25	25	25	25	25	24	24	24	24
11,343 28,968	13,955 35,884	16,615 42,779	20,437 53,219	23,809 62,340	25,823 67,599	27,530 72,226	29,887 78,399	31,603 82,824
7 93	6 94	6 94	6 94	5 95	5 95	5 95	5 95	5 95
4,836 12,193	6,094 15,415	7,491 18,958	8,689 22,040	10,467 26,954	12,267 31,728	13,372 34,621	14,404 37,451	15,802 41,006
6 94	6 94	7 93	6 94	5 95	5 95	5 95	5 95	4 96
22.2 13.9	21.3 13.2	21.0 12.9	21.7 12.7	21.9 13.1	21.4 13.2	20.8 13.0	20.4 12.7	20.0 12.6
二零一零年 四月 Apr-10	二零一零年 五月 May-10	二零一零年 六月 Jun-10	二零一零年 七月 Jul-10	二零一零年 八月 Aug-10	二零一零年 九月 Sep-10	二零一零年 十月 Oct-10	二零一零年 十一月 Nov-10	二零一零年 十二月 Dec-10
27,709 10,844 1,915 1,830	27,007 10,870 1,915 1,707	25,587 10,768 1,537 1,697	25,487 10,891 1,536 1,686	24,957 10,921 1,536 1,676	25,307 10,933 1,536 1,665	26,387 10,953 1,536 1,655	26,987 11,298 1,536 1,532	26,447 11,350 895 1,506

Abbreviations Used in this Report

AIS	–	Authorized Institutions
ALCO	–	Asset and Liability Committee
BHKMC	–	Bauhinia HKMC Corporation Limited
BLRs	–	Best Lending Rates
CAR	–	Capital-to-Assets Ratio
Code	–	Corporate Governance Code
CMU	–	Central Moneymarkets Unit
CRC	–	Corporate Risk Management Committee
DIP	–	Debt Issuance Programme
EFB	–	Exchange Fund Bills
FSI	–	Financial Secretary Incorporated
GDP	–	Gross Domestic Product
Group	–	The Company and its subsidiaries
HIBOR	–	Hong Kong Interbank Offered Rate
HKASs	–	Hong Kong Accounting Standards
HKFRSs	–	Hong Kong Financial Reporting Standards
HKICPA	–	Hong Kong Institute of Certified Public Accountants
HKMA	–	Hong Kong Monetary Authority
HKMC/Corporation/Company	–	The Hong Kong Mortgage Corporation Limited
HKSAR	–	Hong Kong Special Administrative Region
HOS	–	Home Ownership Scheme
HSLS	–	Home Starter Loan Scheme
ICO	–	Insurance Companies Ordinance
ISM	–	Information Security Manual
LDS	–	Loyalty Discount Scheme
LTV	–	Loan-to-Value
MBS	–	Mortgage-Backed Securities
MIP	–	Mortgage Insurance Programme
Moody's	–	Moody's Investors Service, Inc
MPP	–	Mortgage Purchase Programme
MTN	–	Medium Term Note
ORC	–	Operational Risk Committee
PLGS	–	Premium Loan Guarantee Scheme
RBIP	–	Retail Bond Issuance Programme
RBPS	–	Risk-based Pricing Scheme
RBSM	–	Risk-based Scoring Model
S&P	–	Standard & Poor's
SCHLS	–	Sandwich Class Housing Loan Scheme
SFGS	–	SME Financing Guarantee Scheme
SME	–	Small and medium sized enterprises
SPE	–	Special Purpose Entity
The HKMA Survey	–	The HKMA's Monthly Residential Mortgage Survey

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