



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

ANNUAL REPORT 年報

2019

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

Missions

To promote:

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

Credit Ratings

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

(as at 21 January 2020)

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

Financial Highlights

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

¹ For debts with tenor of one year or above.

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

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

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

Chairman's Statement

Chairman's Statement

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



Chan Mo-po, Paul
Chairman

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

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

Purchase of Mortgage Assets

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

Promoting Development of Debt Market

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

Supporting Home Ownership

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

Continuing Support for Small and Medium Enterprises

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

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

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

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

Promoting Development of Retirement Planning Market

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

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

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

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

Development of Infrastructure Financing and Securitisation Business

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

Financial Performance for 2019

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

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

Outlook for 2020

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

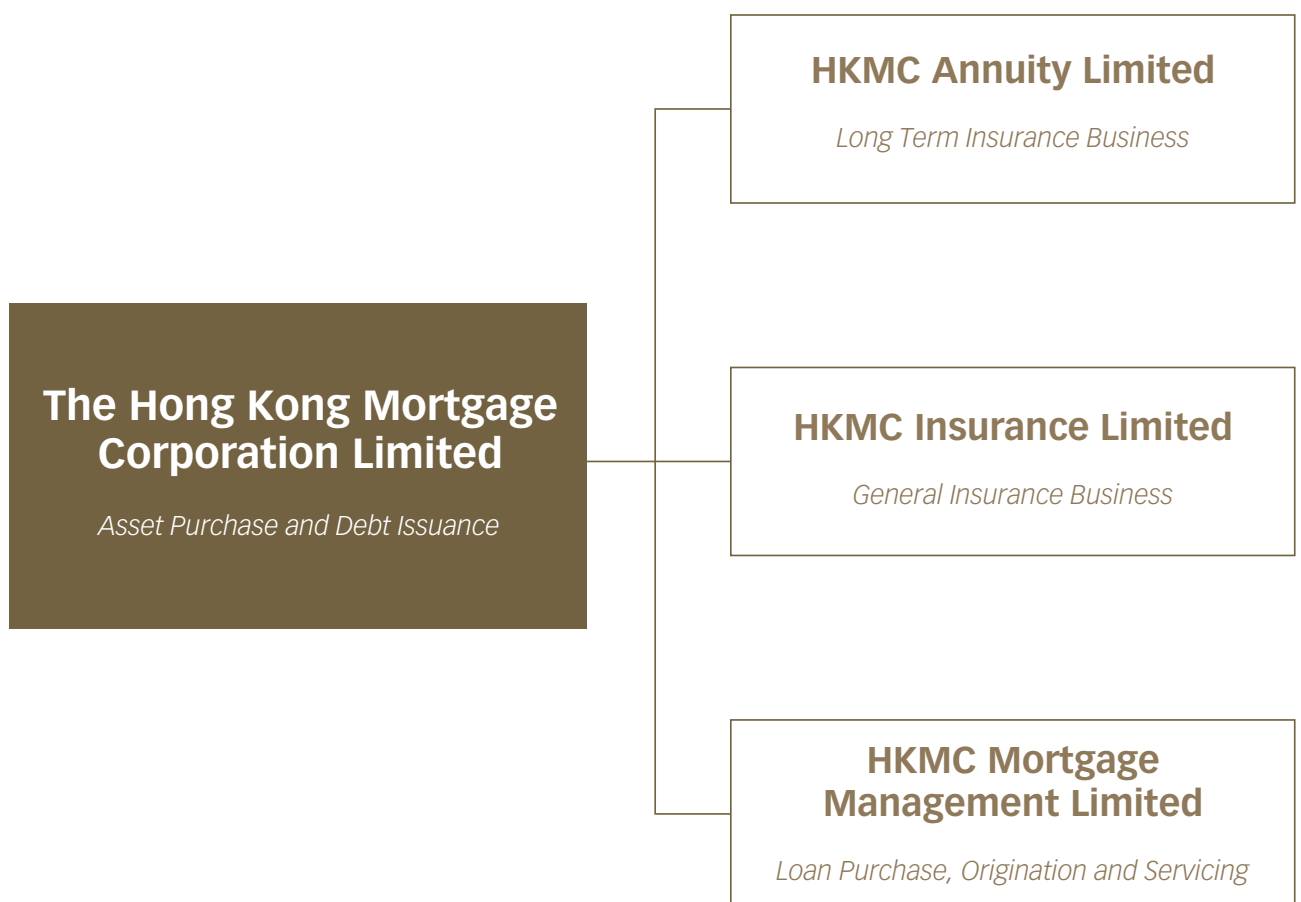
Finally, I would like to express my heartfelt gratitude to fellow Board Directors, the Management and staff for their dedicated work and tremendous support.



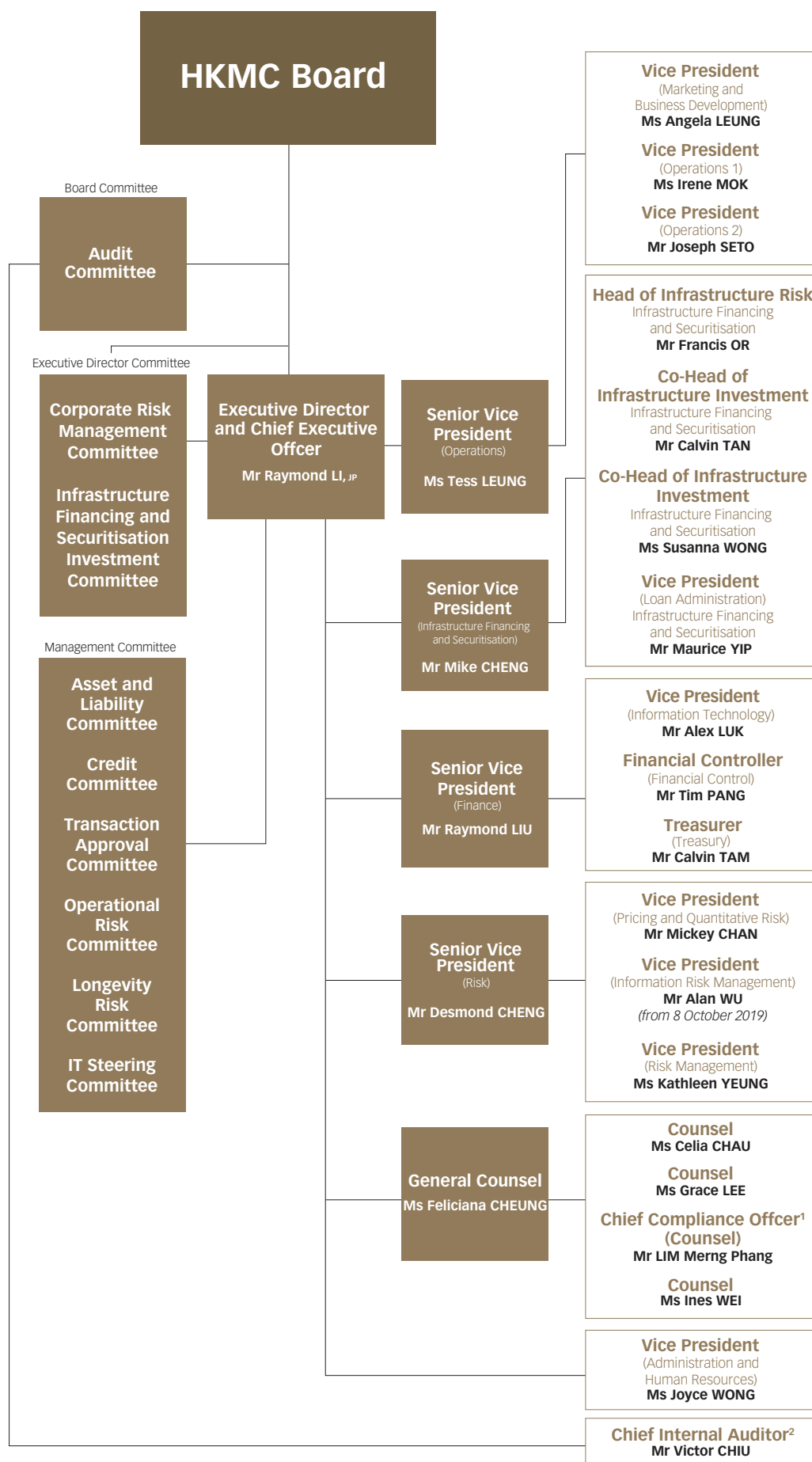
Chan Mo-po, Paul
Chairman

Organisation Structure

Organisation Structure

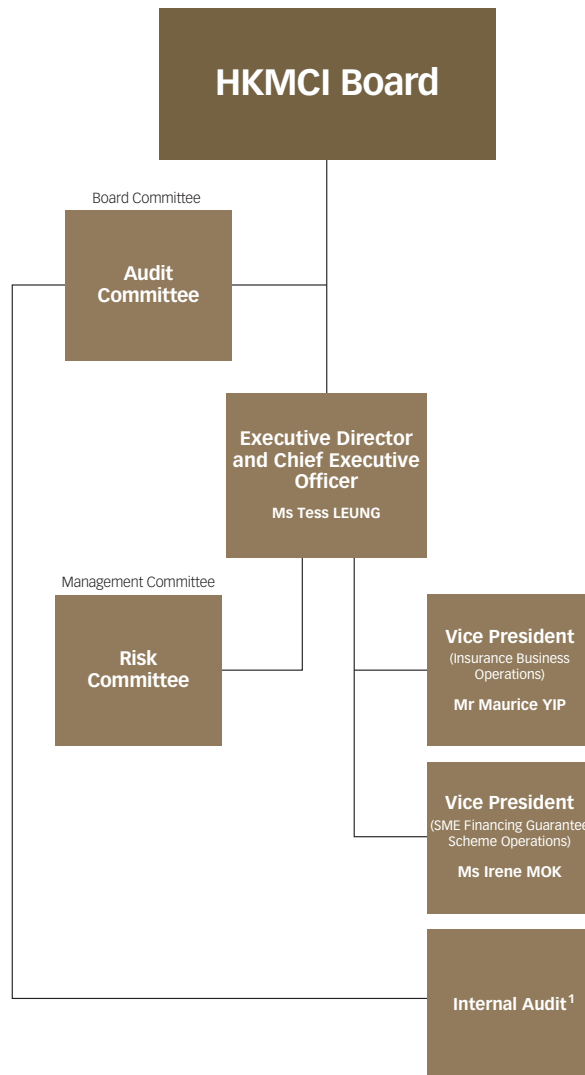


Organisation Structure

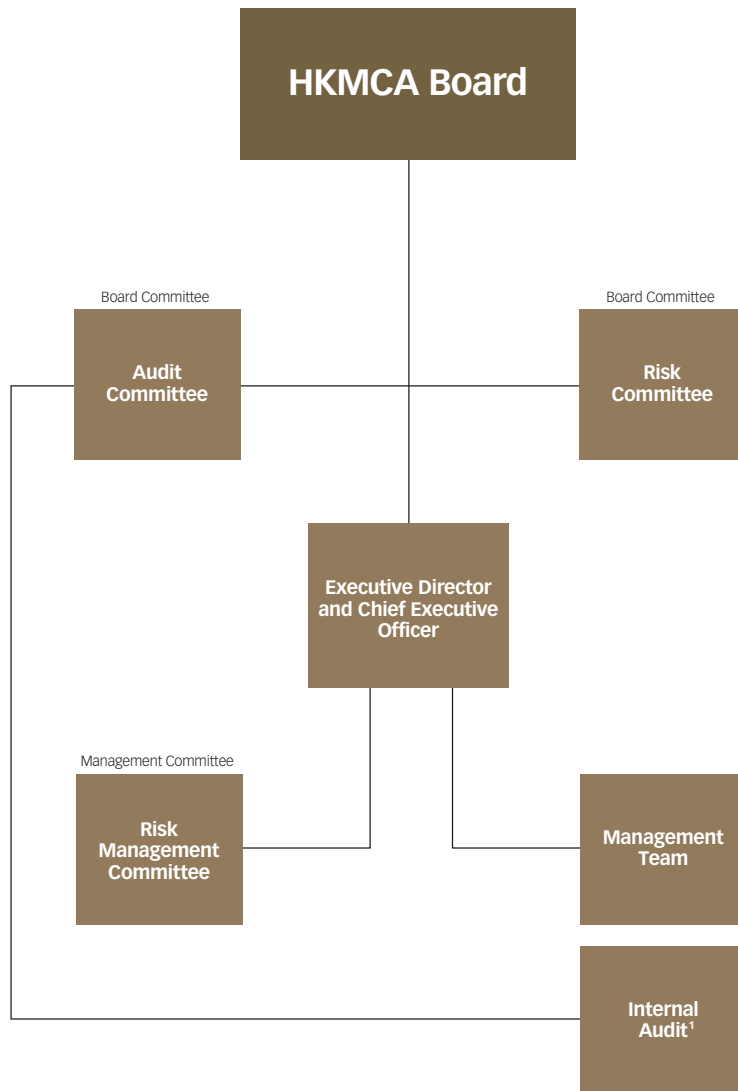


¹ Reporting to the Chief Executive Officer through the General Counsel

² Reporting to the Chief Executive Officer on daily administrative function



¹ Reporting to the Chief Executive Officer on daily administrative function



¹ Reporting to the Chief Executive Officer on daily administrative function

Board of
Directors

Board of Directors



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



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



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



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



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



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



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



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



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



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



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



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



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



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



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



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



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



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

The background of the page is a close-up photograph of a green leaf. The leaf's veins are clearly visible, creating a network of light green lines. Numerous small, clear water droplets are scattered across the surface of the leaf, reflecting light and adding a fresh, natural feel to the design.

Highlights of the Year

**Participation in
External Events**

**Public
Education**

**Corporate Social
Responsibility**

**Community
Engagement**

**Collaboration with
Business Partners**

Major Events

PARTICIPATION IN EXTERNAL EVENTS

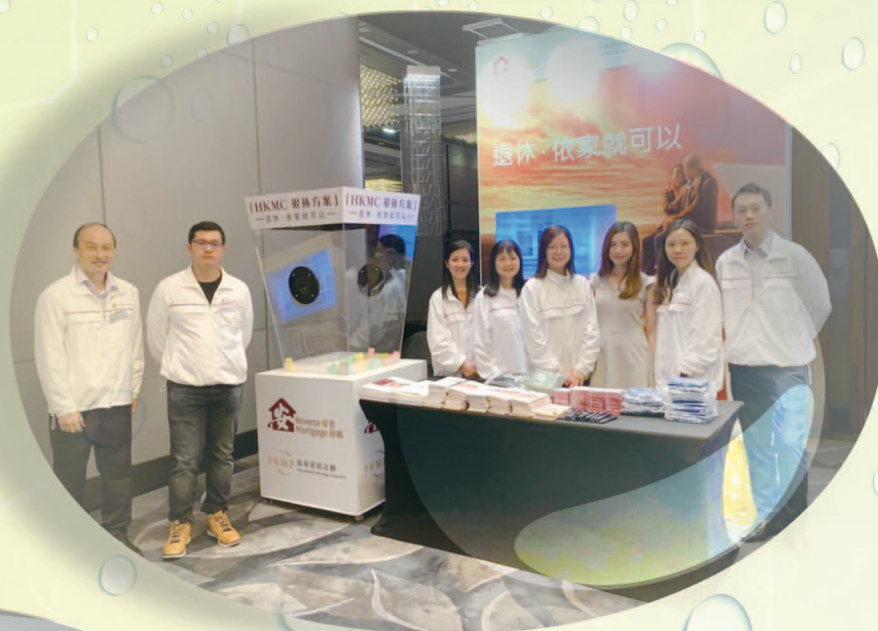
...sion Event 2019
...rking together to build a better future





COLLABORATION WITH BUSINESS PARTNERS





PUBLIC EDUCATION





COMMUNITY ENGAGEMENT





MAJOR EVENTS





CORPORATE SOCIAL RESPONSIBILITY





Corporate
Social
Responsibility

Corporate Social Responsibility

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

Care for Employees

Staffing and Remuneration

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

Training and Development

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

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



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



Occupational Health Talk – Health Hints on the Use of Computer



The Art of Mindful Living Workshop

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

Employee Relations and Staff Activities

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

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



House Competition



House Competition



Night Squid Fishing Tour



Starry Night Lamp Workshop

Health and Safety

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

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



Health Talk on Preventing Back Pain



Health Talk on Chinese Medicine Theory

Care for the Community

Charities and Social Activities

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

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

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



Dress Casual Day

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



Outing to Tsz Shan Monastery with the Elderly

Internship and Manager Trainee Programmes

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

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

Environmental Protection

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

Business Review

Business Review

Performance Highlights

The major achievements of the Group for the year included:

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

The Group maintained a solid financial position in 2019:

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

Market Overview

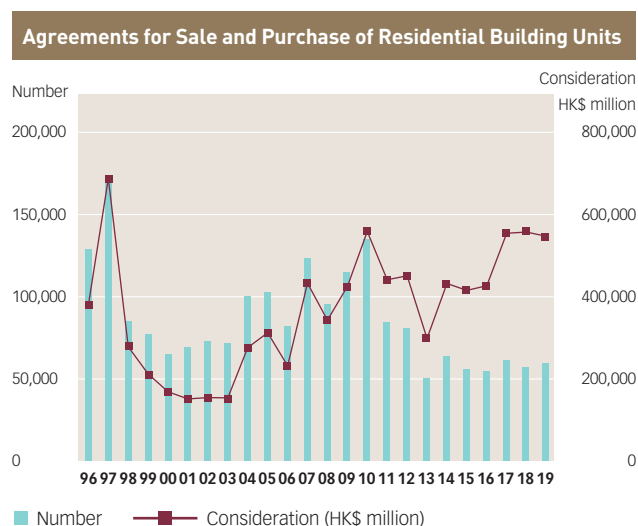
General Economic Conditions

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

Property Market

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

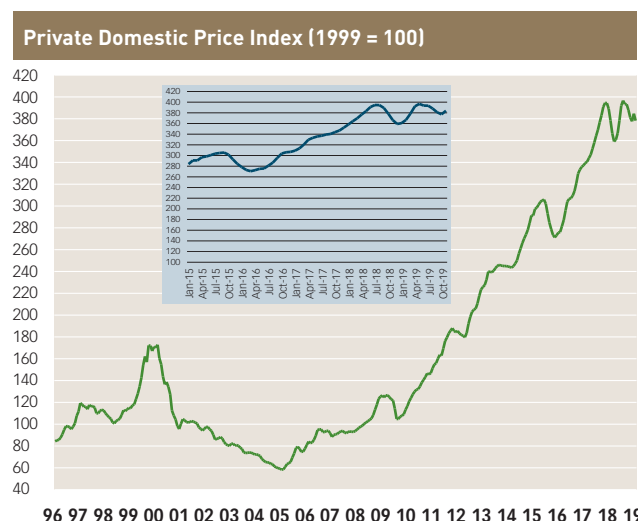
Figure 1



Source: Land Registry

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

Figure 2



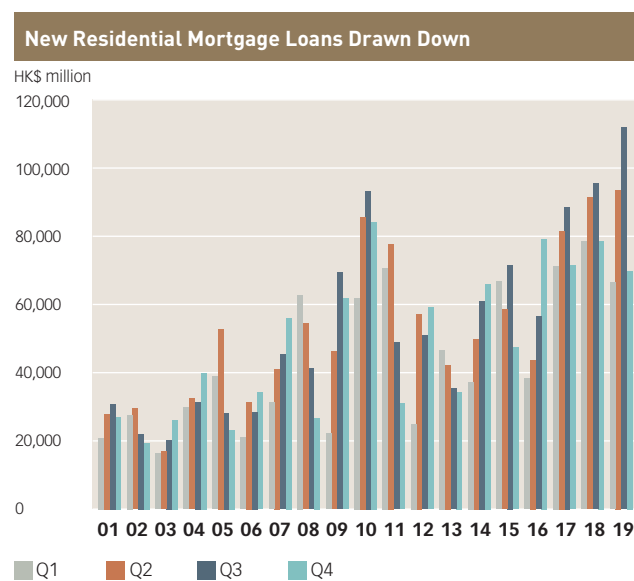
Source: Rating and Valuation Department

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

Mortgage Market

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

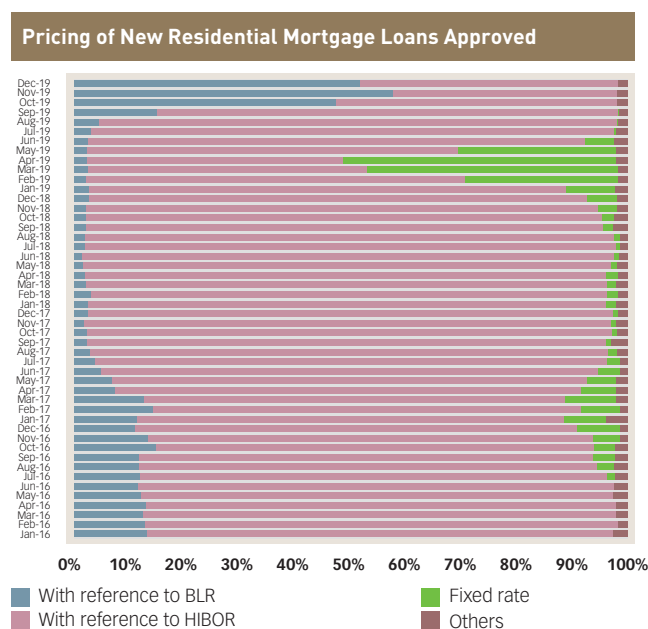
Figure 3



Source: Hong Kong Monetary Authority

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

Figure 4



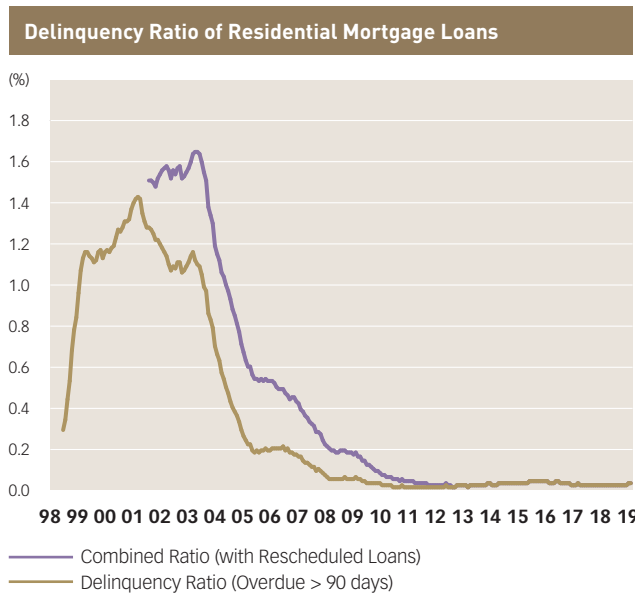
Source: Hong Kong Monetary Authority

² Source: Hong Kong Monetary Authority

³ Source: Hong Kong Monetary Authority

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

Figure 5

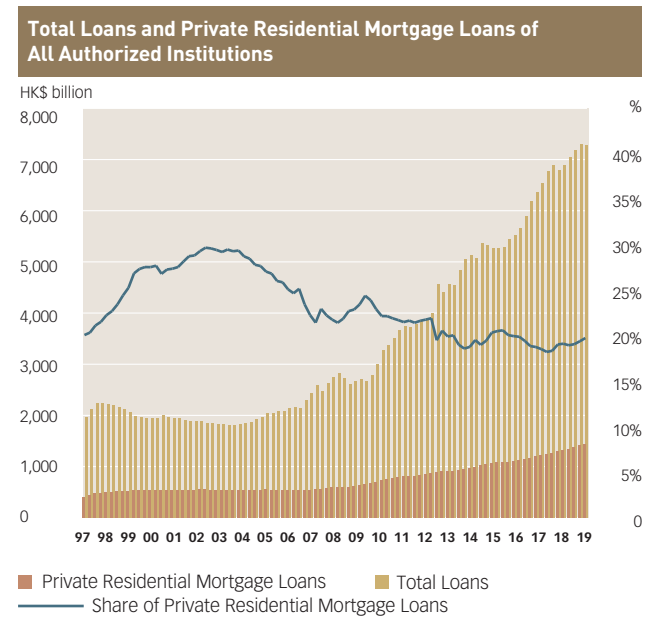


Source: Hong Kong Monetary Authority

Banking-sector Exposure

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

Figure 6



Source: Hong Kong Monetary Authority

⁴ Source: Hong Kong Monetary Authority

Asset Acquisition

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

Funding

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

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

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

Medium Term Note Programme

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

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

Debt Issuance Programme

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

Retail Bond Issuance Programme

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

Revolving Credit Facility Provided by the Exchange Fund

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

Credit Rating

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

Credit Ratings of the HKMC

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

(as at 21 January 2020)

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

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

S&P

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

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

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

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

Moody's

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

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

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

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

Mortgage-backed Securitisation

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

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

Infrastructure Financing and Securitisation

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

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

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

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

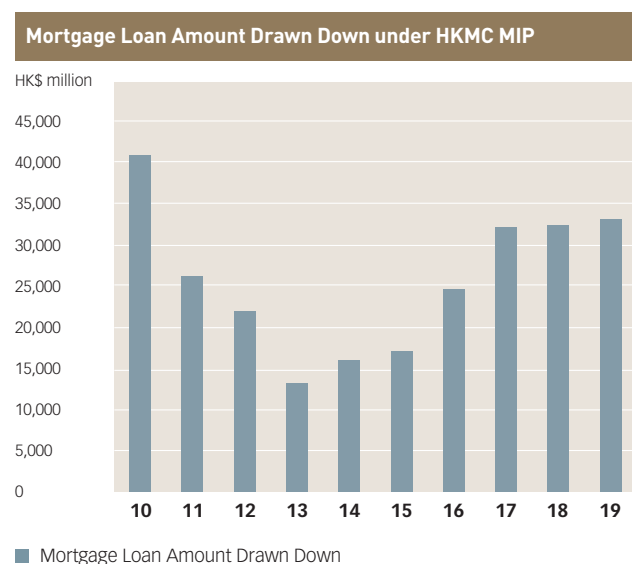
The IFS business will enable the Group to advance its mandates of promoting development of the local debt market and stability of the banking sector, while at the same time fill the infrastructure financing market gaps and foster market development.

Mortgage Insurance Programme

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

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

Figure 7



Source: Hong Kong Mortgage Corporation Limited

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

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

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

HKMC Retirement Solutions

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

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

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

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

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

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

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

Reverse Mortgage Programme

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

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

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

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

Policy Reverse Mortgage Programme

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

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

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

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

HKMC Annuity Plan

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

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

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

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

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

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

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

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

⁵ Source: Insurance Authority

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

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

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

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

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

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

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

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

Microfinance Scheme

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

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

Financial Review

Financial Review

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

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

Income Statement

Financial Performance

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

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

Table 1

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

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

Net Interest Income

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

Table 2

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

Net Mortgage Insurance Premium Earned

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

Net Insurance-related Results for Annuity Business

Net insurance-related results for annuity business (i.e., the sum of net premiums earned, net claims incurred, benefits paid, movement in policyholders' liabilities, and commission and levy expenses) recorded a reduced loss of HK\$387 million (2018: HK\$550 million) amid the lower new business intake during the year. The accounting loss was mainly due to the prudent statutory reserving based on actuarial assumptions, whereas the investment returns on capital and premiums placed with the Exchange Fund were grouped under other income.

Other Income

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

Operating Expenses

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

Allowance for Loan Impairment

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

Segmental Analysis

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

Table 3

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

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

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

Financial Position

Loan Portfolio

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

Investment Securities

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

Placements with the Exchange Fund

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

Debt Securities Issued

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

Key Off-balance Sheet Exposure

Mortgage Insurance Programme

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

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

Reverse Mortgage Programme

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

Capital Management

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

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

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

Dividend

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

Risk Management

Risk Management

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

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

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

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

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

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

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

Credit Risk

Loan Assets and Guarantee Portfolio

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

(a) *Default risk*

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

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

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

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

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

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

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

(b) *Seller/Servicer counterparty risk*

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

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

(c) *Reinsurer counterparty risk*

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

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

(d) *Treasury counterparty risk*

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

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

(e) *Lender risk*

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

(f) *Insurer counterparty risk*

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

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

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

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

Infrastructure Loans

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

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

Market Risk

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

(a) *Interest rate risk*

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

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

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

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

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

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

(b) *Asset-liability maturity mismatch risk*

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

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

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

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

(c) *Liquidity risk*

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

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

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

Table 1: Current Funding Sources for the Corporation

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

(d) *Currency risk*

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

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

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

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

(e) *Placements with the Exchange Fund*

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

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

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

Longevity Risk

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

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

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

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

Property Risk

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

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

Operational Risk

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

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

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

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

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

Legal and Compliance Risk

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

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

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

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

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

Leveraging Risk

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

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

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

Corporate Governance Report

Corporate Governance Report

Corporate Governance Practices

The missions of the Corporation are to promote:

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

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

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

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

Enhancements to the Corporate Governance Code

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

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

Sole Shareholder

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

The Board

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

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

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

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

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

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

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

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

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

Chairman and Chief Executive Officer

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

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

Company Secretary

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

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

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

Audit Committee

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

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

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

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

Internal Auditor

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

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

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

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

External Auditor

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

Financial Reporting

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

Internal Controls

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

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

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

Compliance Reporting

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

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

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

Code of Conduct

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

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

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

Communication

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

Corporate Social Responsibility

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

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

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

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

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

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

Conclusion

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

香港按揭證券有限公司於一九九七年三月成立，由香港特別行政區政府通過外匯基金全資擁有。香港按揭證券有限公司擁有三間全資附屬公司，分別為香港按證保險有限公司、香港年金有限公司及香港按揭管理有限公司。

使命

促進：

- 銀行業界穩定
- 市民置業安居
- 本地債券市場發展
- 退休規劃市場發展

信貸評級

	標普		穆迪	
	短期	長期	短期	長期
本地貨幣	A-1+	AA+(穩定)	P-1	Aa3
外幣	A-1+	AA+(穩定)	P-1	Aa3
前景	穩定		穩定	

(截至二零二零年一月二十一日)

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財務摘要

	二零一九年 千港元	二零一八年 千港元	二零一七年 千港元
本年度			
淨利息收入	523,991	536,209	507,578
股東應佔溢利	317,461⁴	126,558 ⁴	806,395
購買貸款	1,876,551	287,705	315,793
債券發行 ¹	17,724,508	12,424,465	17,856,470
保險費淨額			
— 一般保險業務	466,215	565,739	417,076
— 年金業務	1,630,827	2,780,240	不適用
於年終			
貸款組合淨額	6,928,045	6,442,064	7,829,441
已發行債券	39,710,963	37,292,877	34,840,706
承擔風險			
— 按揭保險 ²	23,075,987	19,723,956	17,588,701
— 安老按揭保險 ³	11,239,454	9,644,152	6,875,721
其他數據			
淨息差	1.0%	1.1%	1.1%
資本充足率	30.2%	26.8%	21.0%
成本對收入比率	58.7%⁴	86.0% ⁴	26.8%
股東資金回報率	2.1%⁴	0.9% ⁴	8.6%

¹ 年期達一年或以上的債券。

² 承擔風險已撇除已作出再保險安排的風險。

³ 承擔的風險包括安老按揭貸款的未償還結餘及已承諾但未提取的未來年金(已撇除已作出再保險安排的風險)。已承諾但未提取的未來年金，指根據年金年期，預計於未來需向貸款人支付的金額。

⁴ 為方便比較，在扣除按揭證券公司全資附屬公司—香港年金有限公司基於精算假設對其年金業務因需要維持審慎的法定儲備而引起的會計虧損後，二零一九年經調整的股東應佔溢利、股東資金回報率和成本對收入比率分別為4.43億港元、4.2%及41.8%(2018年：分別為5.15億港元、5.1%及36.7%)。

主席報告

主席報告

拓展多元業務達成核心使命及社會目標。



陳茂波
主席

受中美貿易摩擦升溫、英國硬脫歐風險及中東地緣政局緊張等眾多因素帶來的巨大下行壓力困擾，全球經濟於二零一九年經歷同步放緩。美國經濟增長減慢，歐元區經濟輕微增長。中國內地經濟增長勢頭雖減速，但仍達增長目標。

面對多項嚴重不利外圍因素，香港經濟在二零一九年上半年已相當疲弱。受本地社會事件的嚴重打擊加重影響，經濟於下半年急劇轉差，錄得自二零零九年以來首次年度收縮。住宅物業市場在二零一九年首五個月普遍維持活躍之後自六月起一直進行整固。然而，樓價下調幅度溫和，仍與經濟基調及大眾負擔能力脫節。

購買按揭資產

因應銀行體系資金充裕繼續削弱銀行出售按揭資產的意欲，本集團於二零一九年購入約200萬港元（二零一八年：2.877億港元）的貸款資產。本集團擔當著維持香港銀行及金融穩定性的關鍵角色，一直作好準備，在有需要時從銀行購買按揭貸款。

推動債券市場發展

本集團在推動本地債券市場發展方面，一直扮演重要角色，過去二十年來一直是香港主要、活躍的企業發債人。二零一九年，本集團發行了不同貨幣的債券（年期一年或以上），總額約177億港元，以滿足本集團的再融資需求及支持公司業務。本集團獲標普全球評級給予「AA+」和穆迪給予「Aa3」的信貸評級，與香港特區政府的信貸評級相同。

協助市民置業安居

按揭保險計劃是香港物業按揭市場主要部份之一。自一九九九年推出以來，按揭保險計劃已協助超過149,000個家庭自置居所，履行本集團促進更多自置居所的核心使命。於二零一九年十月，按揭保險計劃推行多項優化措施，使有急切住居需要的自置居所人士能更易購買已落成住宅物業。於二零一九年，該計劃的需求保持穩定，所批核的新提取按揭貸款總額為333億港元（二零一八年：325億港元）。

繼續支援中小型企業

香港約有340,000間中、小型企業(「中小企」)。香港特區政府透過本集團獲委託營運的中小企融資擔保計劃下八成信貸擔保產品，繼續為中小企銀行貸款提供支援，令他們能改善資金周轉、把握經濟機遇及提升競爭力。

作為協助中小企渡過經濟不景的部份連串紓困措施，香港特區政府在去年下半年將八成信貸擔保產品的申請期延長至二零二二年。與此同時，香港特區政府亦委託本集團及時就八成信貸擔保產品推出如延遲償還本金等更多優化措施，並新推出信貸擔保總額為330億港元的九成信貸擔保產品。新產品旨在協助規模較小、經營經驗尚淺的企業取得融資，自二零一九年十二月推出以來，一直受市場歡迎。

本集團與參與計劃的銀行、中小企商會及工商業商會保持密切溝通，協助解決有財困的中小企不時變化的需要。截至年底，本集團已批出超過17,300宗申請，涉及貸款總額723億港元，中小企融資擔保計劃自推出以來已惠及超過9,500間本地中小企及逾242,000名員工。

為進一步紓緩受新型冠狀病毒病疫情重創的企業的現金流問題，同時有鑒於疫情對本地經濟長期造成不利影響，於二零二零年四月在中小企融資擔保計劃下新推出由政府提供百分百擔保的特惠低息貸款產品，其核准貸款總額最多為500億港元；八成及九成信貸擔保產品亦會推出進一步優化措施，包括提供利息補貼及擴展範圍至在港上市企業，令更多受疫情影響的企業受惠。

促進退休規劃市場的發展

為履行促進香港退休規劃市場發展的核心使命，本集團於二零一九年推出別具特色的整體品牌「HKMC退休方案」，以滿足社會對退休規劃的需求。

本集團分別於二零一一年及二零一九年推出安老按揭計劃及保單逆按計劃，是「HKMC退休方案」旗下三款產品中的其中兩款。兩者均旨在為退休人士提供新的財務策劃選擇，以流動性低的資產作為抵押品(就安老按揭計劃而言，抵押品為物業，而就保單逆按計劃而言，抵押品則為壽險保單的身故賠償)，確保退休後獲得穩定現金流。本集團成功持續推出重點教育活動，令安老按揭計劃及保單逆按計劃的市場認受程度不斷提升。

本集團於二零一八年年中推出的香港年金計劃，是「HKMC退休方案」旗下的第三款產品。該計劃旨在透過提供年金產品，推動退休規劃及促進本地年金市場發展。該計劃協助長者將一筆過現金轉化為終身每月定額收入。年內，該計劃進行持續優化以滿足日益增長的客戶需求。本集團亦加強推廣及教育力度，成功提升長壽風險管理及退休理財重要性的公眾意識，促進本地年金市場的快速發展。於二零一九年，該計劃的所收保費顯著增長16億港元，自計劃推出以來所收保費累計達44億港元。

「HKMC退休方案」品牌旗下的所有三款產品均具備即時性、穩定性及終身享有的特點，市面罕見，亦為退休規劃提供有效的理財方案選擇。

發展基建融資及證券化業務

於二零一九年，本集團按審慎商業原則在穩健風險管理框架下，發展基建融資及證券化新業務。本集團待建立基建貸款資產組合及累積所需經驗後將尋找證券化機會。憑藉其卓越信貸評級和中長期資金融資能力，本集團在新業務中透過促進基建投融資活動，將能進一步履行其促進銀行業界穩定和本地債券市場發展的使命。

二零一九年財務表現

儘管投放額外資源於本集團的核心使命及香港特區政府的若干政策，且本集團的年金業務發展因維持審慎法定儲備而繼續錄得會計虧損，股東應佔溢利升至3.17億港元(二零一八年：1.27億港元)。年金業務雖錄得會計虧損，但其內含價值約為53億港元，顯示該業務長遠而言應有盈利。

資本充足率處於30.2%的穩健水平(二零一八年：26.8%)，以預留資金作業務發展之用。本集團轄下從事一般保險業務的附屬公司的償付能力充足率約為39倍(二零一八年：42倍)，從事年金業務的另一附屬公司則約為22倍(二零一八年：34倍)，兩者均遠高於相關最低監管要求。

展望二零二零年

面對新型冠狀病毒病疫情以及國際貿易摩擦和地緣政治風險等重重挑戰，全球經濟環境極之嚴峻。在此背景下，環球金融市場於未來一段期間可能持續大幅波動。環球經濟及香港經濟復甦關鍵在於對疫情的有效控制。本集團將繼續以多元業務履行其核心使命，與社會共度時艱。

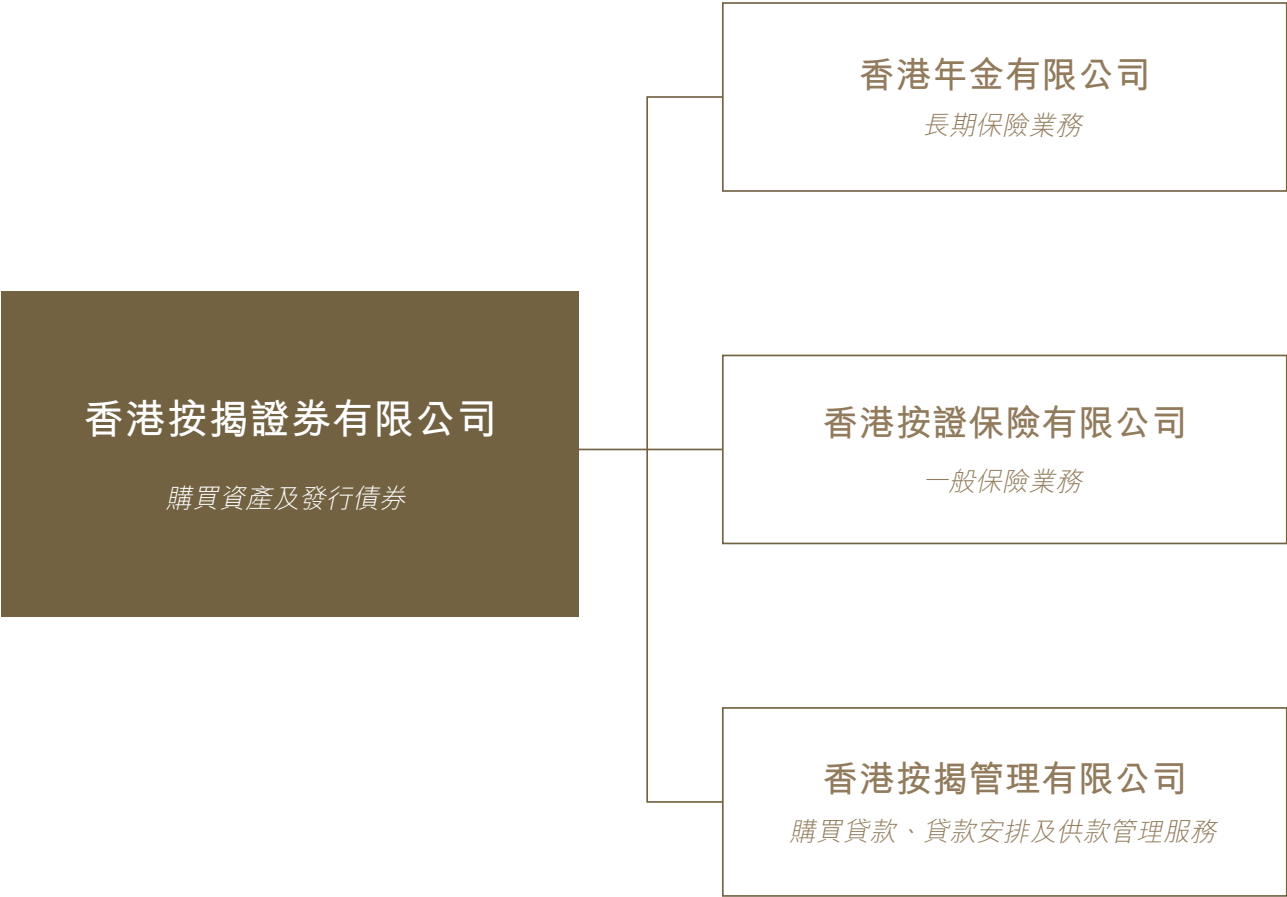
最後，謹向董事局同寅、管理層成員和所有員工衷心致意，感謝他們竭誠工作及鼎力支持。

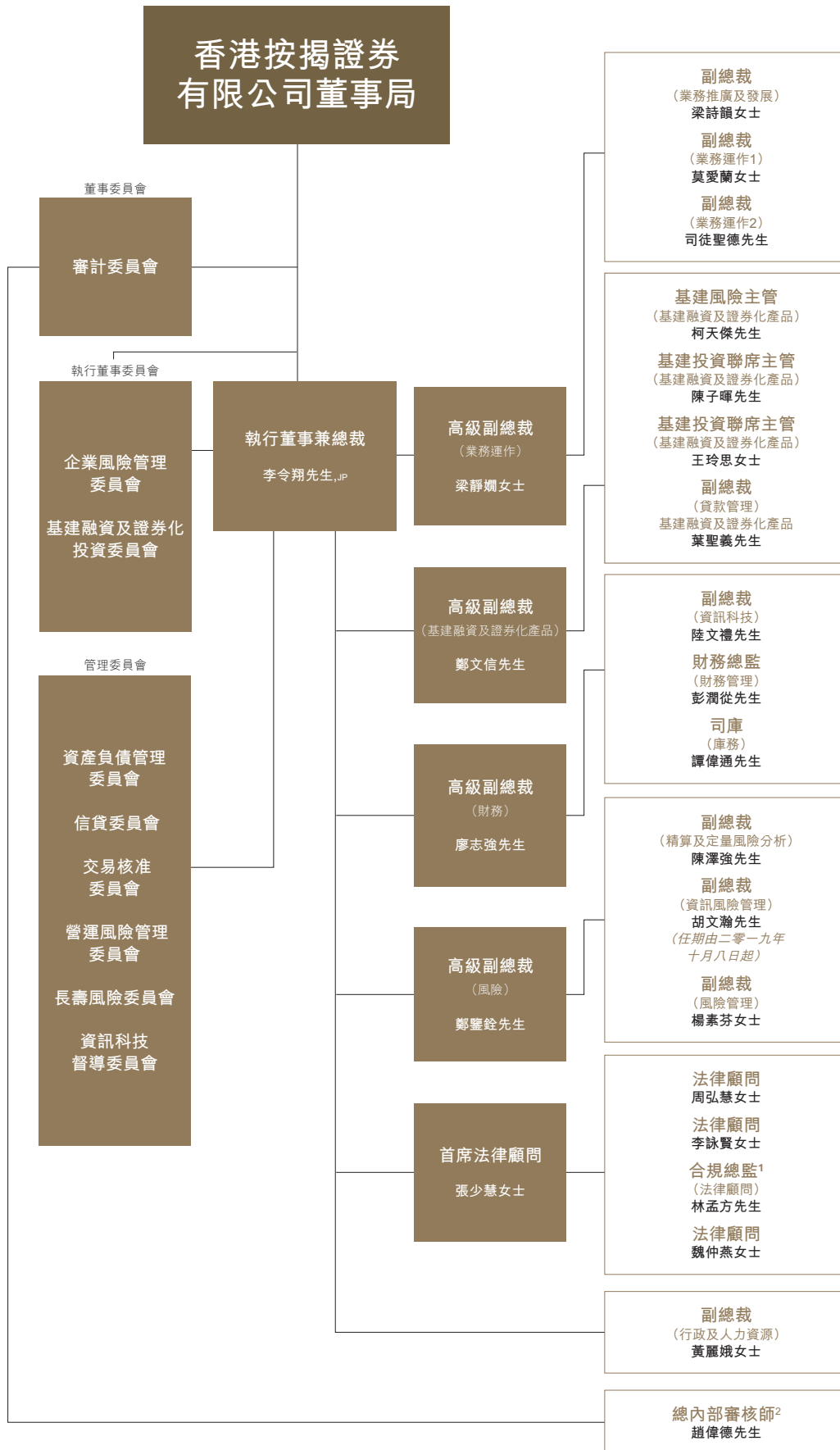


陳茂波
主席

組織架構

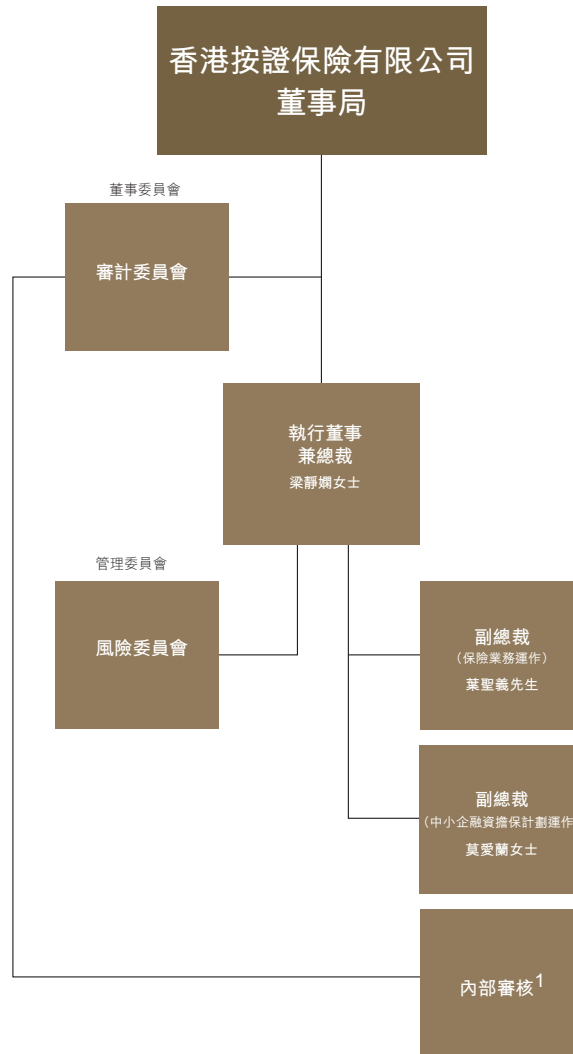
組織架構



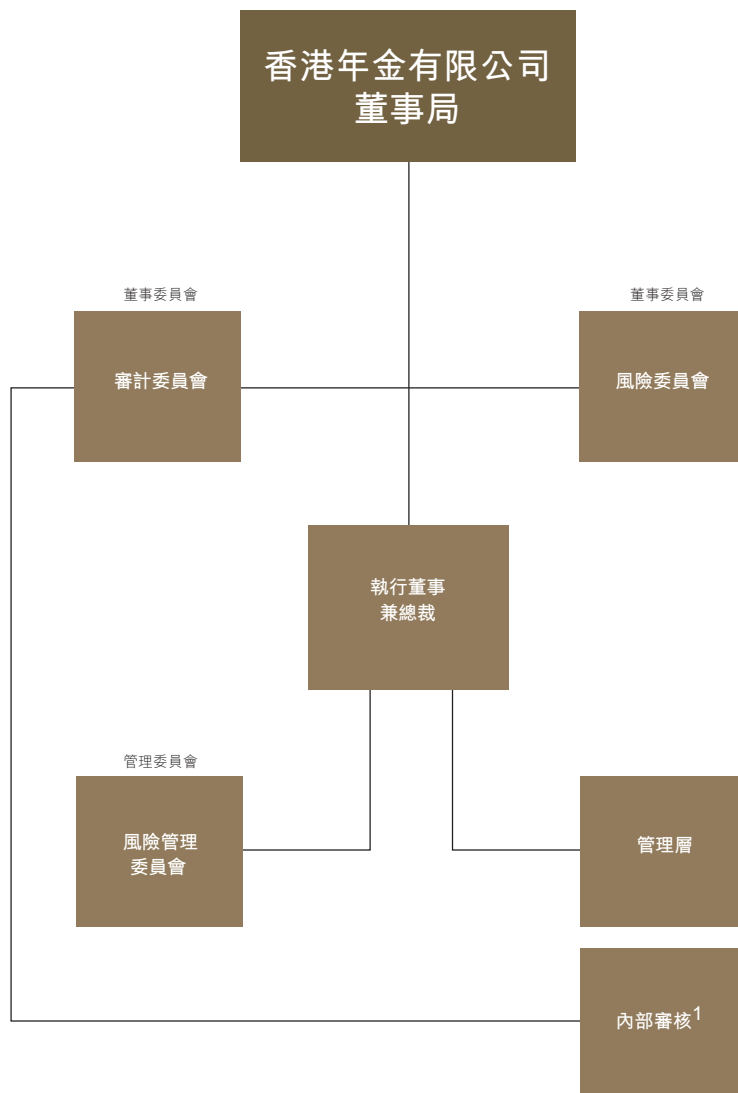


¹ 經首席法律顧問向總裁匯報

² 日常行政職務向總裁匯報



¹ 日常行政職務向總裁匯報



¹ 日常行政職務向總裁匯報

董事局成員

董事局成員



陳茂波先生 大紫荊勳賢 GBS MH JP
主席兼執行董事
財政司司長



余偉文先生 JP
副主席兼執行董事
(於二零一九年十月一日獲任命為副主席)
香港金融管理局總裁



陳德霖先生 GBS JP
副主席兼執行董事
(於二零一九年十月一日辭任)



李達志先生 JP
執行董事
香港金融管理局副總裁
(於二零一九年十月一日
獲委任)



李令翔先生 JP
執行董事兼總裁
香港金融管理局高級助理總裁



劉怡翔先生 JP
非執行董事
財經事務及庫務局局長(至
二零二零年四月二十二日止)



陳帆先生 JP
非執行董事
運輸及房屋局局長



林健鋒先生 GBS JP
非執行董事
行政會議成員
立法會議員
永和實業有限公司董事長



張國鈞先生 JP
非執行董事
行政會議成員
立法會議員
中西區區議會議員(至二零一九年
十二月三十一日止)
張國鈞楊煒凱律師事務所合夥人



郭榮鏗先生
非執行董事
立法會議員
執業大律師



陳家強教授 GBS JP
非執行董事
香港科技大學兼任教授



馮婉眉女士 BBS JP
非執行董事
香港交易及結算所有限公司
董事



王桂燦先生 BBS JP
非執行董事
法朗克律師行
(香港辦事處)主理人



陳錦榮先生
非執行董事
香港立信德豪會計事務所
有限公司
審計部董事總經理
(於二零一九年五月十七日
獲委任)



張亮先生
非執行董事
香港賽馬會慈善及社區事務
執行總監



黃玉山教授 SBS BBS JP
非執行董事
(於二零一九年五月十七日
退任)



施文信先生 GBS JP
非執行董事
(於二零一九年五月十七日
退任)



趙黃舜芬女士
非執行董事
(於二零一九年五月十七日
退任)



大事 紀要

參與
外界活動

公眾教育

企業
社會責任

社區參與

與商業
伙伴合作

重要事件

參與 外界活動

Session Event 2019
Working together to build a better future





與商業 伙伴合作





公眾教育





社區參與





重要事件



企業 社會責任





企業社會責任

企業社會責任

本公司致力貢獻社會及履行企業社會責任，獲得認同；自二零零八年起，獲香港社會服務聯會頒發「商界展關懷」計劃下「同心展關懷」標誌，現已踏入第十二年。為嘉許重視員工退休保障的僱主，強制性公積金計劃管理局亦自二零一四年起向本公司頒發「積金好僱主」獎項。作為對社會負責任的機構，本集團關懷僱員及社區。本集團重視社會責任、關心僱員福利、積極參與慈善活動及推行環保措施。

關懷僱員

員工與薪酬

本集團吸納和栽培人才，確保公司使命有效推行：包括促進銀行業的穩定、協助市民自置居所、推動本地債券市場及促進退休規劃市場發展。本集團為僱員提供具競爭力的薪酬福利、廣闊的事業前景與發展機會，和健康及安全的工作環境。本集團亦實行家庭友善僱傭措施，如每星期五天工作，讓僱員在工作及生活上取得平衡。本集團亦為僱員及家屬提供全面的醫療及牙科保險。儘管本集團的業務範疇及提供的產品漸趨繁複，但透過自動化系統和程序重組，本集團能維持一隊精簡和有效率的團隊。二零一九年，本集團的常設僱員編制為327人，員工流失率9.37%。



正念生活方式工作坊

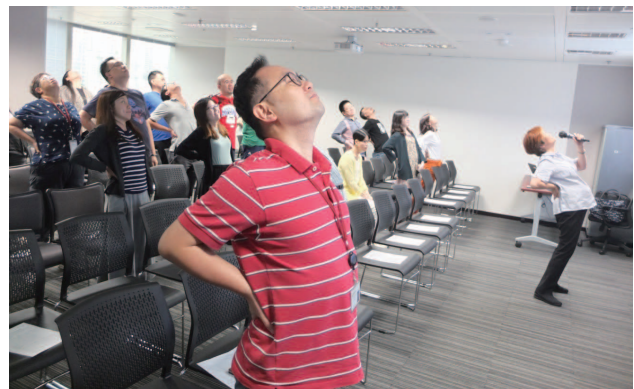
培訓與發展

本集團深明持續培訓的重要性，因此投放大量資源，不斷提升員工的專業知識和技能。二零一九年，本集團安排課程和工作坊，以增進員工的產品知識，並提升管理、專業技能及軟性技巧。

二零一九年，內部培訓工作坊涵蓋廣泛課題，例如招聘及甄選過程、團隊合作、正念及職業安全與健康。年內，本集團還舉辦了有關打擊洗黑錢、防止貪污及賄賂條例以及網絡保安的研討會。



海洋公園團隊合作工作坊(「踏出正能量」)



職業健康講座 — 使用電腦的職業健康錦囊

本集團亦資助員工報讀由其他機構舉辦、並與工作相關的課程。課程範圍甚廣，涵蓋按揭相關事務、風險管理、企業管治、財務及會計、資訊科技與領導技巧等。此外，本集團亦為新員工安排入職培訓，讓員工了解集團的組織架構、功能與政策等基本資料。

僱員關係與員工活動

本集團的職員聯誼會定期舉辦活動，增進員工關係和溝通、推廣工作與生活平衡及促進家庭友善的工作環境。二零一九年，本集團舉辦的員工活動如健康講座、郊遊以及其他員工聚會等，都深受員工和家屬歡迎。本集團亦設有員工內部刊物《HKMConnection》，輯錄員工活動的精彩照片。

為促進公司內部有效溝通，本集團定期更新員工內聯網，讓各部門分享實用資訊。本集團亦設有員工意見計劃，鼓勵員工提出建議，改善工作流程和工作環境。



夜釣墨魚團



社際羽毛球賽



社際乒乓球賽



星空夜燈工作坊

健康與安全

作為關懷員工的僱主，本集團一向關心員工的身心健康。本集團設有僱員支援計劃，透過一家外間機構為有需要的員工及其家屬提供保密的輔導服務。二零一九年，本集團亦以優惠價為員工安排預防流感疫苗注射及體檢計劃。

本集團不時檢討及提升緊急應變計劃，減少因未能預計或突發事件而令業務中斷的情況，例如員工之間爆發傳染病。本集團亦定期舉行演習，協助員工熟習在緊急情況下，啟動有關後備設施、執行應變計劃及落實溝通方面的安排。



預防背痛健康講座



中醫理論健康講座

關懷社會

慈善及社會活動

本集團不時推動各種慈善及社區活動，例如籌款、捐獻活動及義務工作等。本集團鼓勵員工支持慈善活動和參與本集團義工隊「關愛大使」所籌辦的義務工作。

二零一九年，本集團籌辦多項捐獻活動，例如二零一九年公益金便服日及每年一度的香港紅十字會捐血日。

本集團員工積極參與義務工作，獻出時間和精力，對有需要的社群表達關愛。關愛大使與多個社會服務機構合作，參與了下列多項義務工作：



便服日

- 保護環境：與救世軍合辦回收計劃，收集書籍、文具、玩具。
- 關懷長者：與寰宇希望及香港遊樂場協會合作，本集團的自願僱員帶同載有日用品的「福袋」探訪獨居長者，共同迎接農曆新年，並陪同低收入家庭的長者到慈山寺遊覽。



與長者遊覽慈山寺

學生實習與見習經理計劃

為未來培育人才，本集團提供實習職位，讓大學生體驗商業世界的實際運作、為未來就業作好準備。參與計劃的學生，都感謝所獲得的學習體驗和工作機會。

年內，本集團繼續推行見習經理計劃，物色和栽培有潛質的年輕行政人員，配合本集團的長遠人才發展。在計劃的三年期內，見習經理在不同部門接受在職培訓、參與公司項目，並參加有系統的學習及發展課程。

環境保護

本集團一直支持及推行各種綠化措施，務求營造更環保的工作環境，並且加強員工減少廢物和珍惜能源的意識。本集團鼓勵員工多用電子通訊，減少使用紙張，並且鼓勵收集廢紙及使用後的打印機碳粉盒循環再造。自二零零六年以來，本集團採用不同措施，包括設定辦公室溫度及使用LED照明，提高能源效益。本集團歡迎員工就如何營造綠色辦公室提供建議，並鼓勵供應商使用和供應更為環保的產品。

業務回顧

業務回顧

業績摘要

本年度，本集團的主要業績包括：

- 透過按揭保險計劃，幫助置業人士，借取合共333億港元按揭貸款
- 自二零一一年七月推出安老按揭計劃以來，共批核3,740宗申請；物業平均價值約540萬港元
- 香港年金計劃自二零一八年七月推出至二零一九年年底，共批出7,610份保單，保費總額約44億港元，平均保費金額約570,000港元
- 為進一步減輕本地中小型企業(「中小企」)的融資負擔，中小企融資擔保計劃下八成信貸擔保產品的申請期及於二零一八年十一月推出三項優化措施的有效期進一步延長至二零二二年六月底
- 於二零一九年九月推出新紓緩措施，中小企融資擔保計劃下的現有及新申請借款企業均可延遲償還本金，以協助中小企應付經濟環境不明朗的情況
- 於二零一九年十二月，中小企融資擔保計劃推出新的九成信貸擔保產品，以協助一些規模較小、經營經驗尚淺的企業取得融資
- 自八成信貸擔保產品於二零一二年推出以來，共批出超過17,200宗貸款申請，涉及貸款額723億港元。逾9,500間中小企及242,100名相關員工受惠於此計劃。自二零一九年十二月推出新的九成信貸擔保產品以來，本集團共接獲23宗貸款申請，涉及貸款額4,810萬港元
- 小型貸款計劃自二零一二年六月開展以來，向創業人士、來自不同背景和行業的自僱人士，以及希望透過接受教育或培訓自我增值的人士，批核共5,550萬港元的貸款
- 穩步落實本集團基建融資及證券化業務的首年業務計劃，累積基建貸款資產及發展本集團的基建融資及證券化品牌
- 購入約200萬港元貸款資產
- 按照成本效益原則，發行總值177億港元年期為一年或以上的債券，促進本地債券市場發展，並保持本集團作為香港最活躍企業發債體之一的地位。該等債券包括總額為12億港元的30年債券，為定息業務作準備之用
- 截至二零一九年年底，本集團的長期外幣和本地貨幣信貸評級，維持在標普全球評級(「標普」)AA+及穆迪投資者服務公司(「穆迪」)Aa2的卓越級別，與香港特區政府相同。
- 維持優良的信貸素質。於二零一九年十二月三十一日計，所有資產類別合計的不良貸款比率0.07%；逾期90日以上的拖欠率，按揭保險組合為0.003%，按香港住宅按揭組合為0.02%(與業內平均數0.03%相同)。

二零一九年，本集團維持穩健的財務狀況：

- 股東應佔溢利為3.17億港元
- 淨息差為1%
- 股東資金回報率為2.1%
- 成本對收入比率為58.7%
- 資本充足率為30.2%，遠高於財政司司長指定的8%最低要求
- 一般保險業務及年金業務的償付能力充足率分別為39倍及22倍，遠高於保險業監管局分別規定不低於200%和150%的法定要求

市況概覽

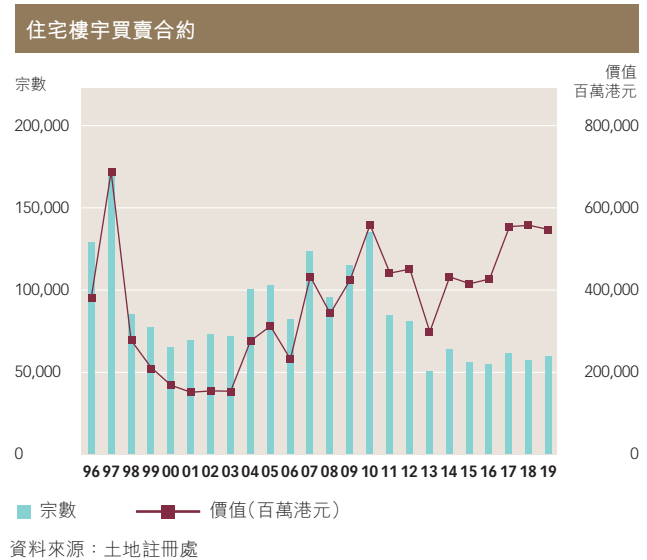
整體經濟狀況

由於中美貿易壁壘高築、英國脫歐進程及其他地緣政治緊張令局勢愈趨不明朗，環球經濟於二零一九年同步放緩。美國經濟增長減慢，歐元區經濟仍然乏力。內地經濟保持大致堅穩，但仍然面臨下行壓力。鑒於全球市場波動加劇，不少央行已採取措施放寬其貨幣政策，減少增長面臨的下行風險。由於本地社會事件對境內消費及與旅遊相關的活動構成干擾，導致本已因全球需求放緩及國際貿易緊張局勢而受到不利影響的經濟被沖擊，香港下半年經濟亦顯著放緩。在此環境下，香港經濟在二零一九年較上一年收縮1.2%，為自二零零九年以來首次錄得年度跌幅。

物業市場

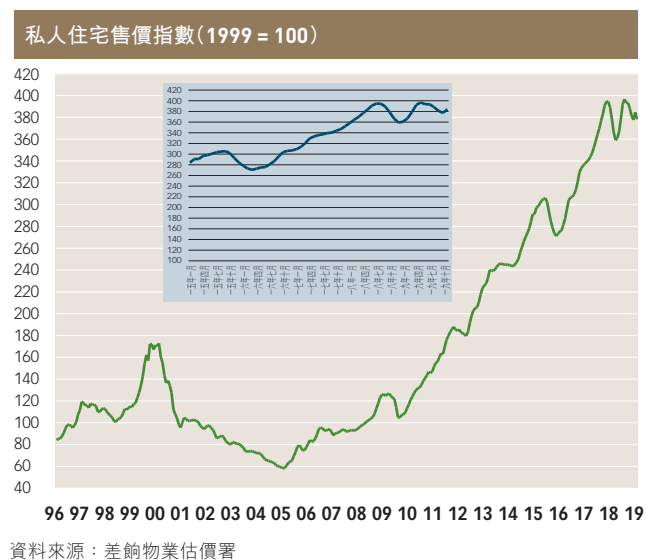
住宅物業市場於年內首五個月強勁反彈後，自六月起有所回軟。隨着市場氣氛好轉，住宅成交量於一月至五月期間飆升，樓價收復二零一八年下半年的失地。然而，成交量和樓價自六月以來由升轉跌。住宅物業市場前景漸趨不明朗。中美貿易摩擦和全球經濟增長放緩等其他風險因素，或會在短期內令住宅市場氣氛轉差。整體而言，二零一九年住宅物業總成交量按年升4.5%至59,797宗，成交額則按年跌1.9%（圖1）。

圖 1



一手及二手市場的成交量自年初至七月穩步上升，其後呈現跌勢。整體而言，住宅物業價格¹於二零一九年錄得5.3%的累積增幅，而二零一八年的增幅為1.9%（圖2）。

圖 2

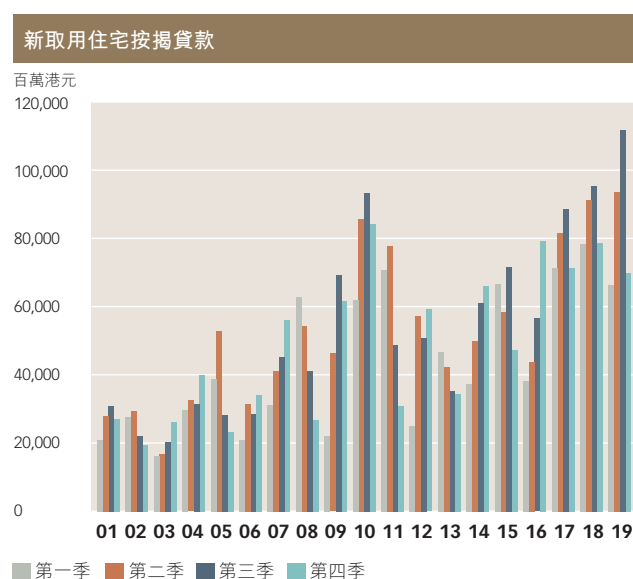


¹ 資料來源：由差餉物業估價署出版的私人住宅售價指數

按揭市場

整體而言，香港的按揭利率於二零一九年處於低位。最優惠利率於年內首十個月介乎5.125%至5.5%之間。由於部分主要銀行於二零一九年十一月初將最優惠利率調低至5%，自此至二零一九年十二月底，最優惠利率維持介乎5%至5.5%之間。香港銀行同業拆息則全年處於相對高位。根據香港金融管理局金融數據月報，以期內平均數計算的一個月香港銀行同業拆息²於年內徘徊於1%與2.57%之間。按揭貸款錄得穩定增長，當中所有住宅按揭貸款的未償還總金額溫和地上升10.3%至15,128億港元。二零一九年的新取用按揭貸款總額³按年微跌0.6%，對比二零一八年的增幅為9.9%（圖3）。

圖3



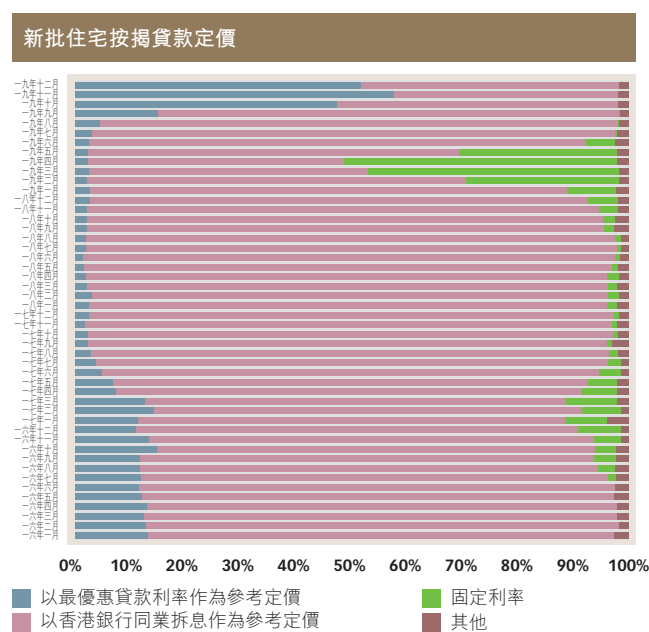
資料來源：香港金融管理局

² 資料來源：香港金融管理局

³ 資料來源：香港金融管理局

於年內大部分時間，借款人似乎更傾向接受以香港銀行同業拆息為參考定價的按揭。截至二零一九年十二月，77.1%新敍造按揭貸款以香港銀行同業拆息為參考定價。二零一九年一月以最優惠貸款利率為參考定價的按揭比例高達48%，但自此開始調整。截至二零一九年十二月，以最優惠貸款利率為參考定價的按揭僅佔市場19.8%比率，而定息貸款計劃於二零一九年在按揭貸款市場並無佔有市場比率（圖4）。

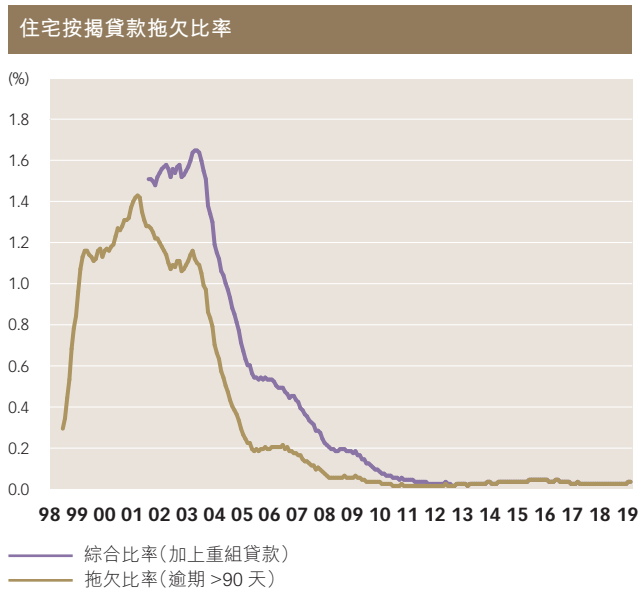
圖4



資料來源：香港金融管理局

在香港金融管理局對按揭借貸的審慎監管下，住宅按揭貸款的資產素質於二零一九年維持優良。按揭貸款超過90日的拖欠比率，於年內保持介乎0.02%至0.03%的水平，反映銀行採取審慎的借貸準則。拖欠和經重組的貸款比率總和，亦於同期維持在0.02%至0.03%的低位(圖5)。截至二零一九年十二月底，負資產個案估計為128宗，錄得總額為7.64億港元⁴。

圖5

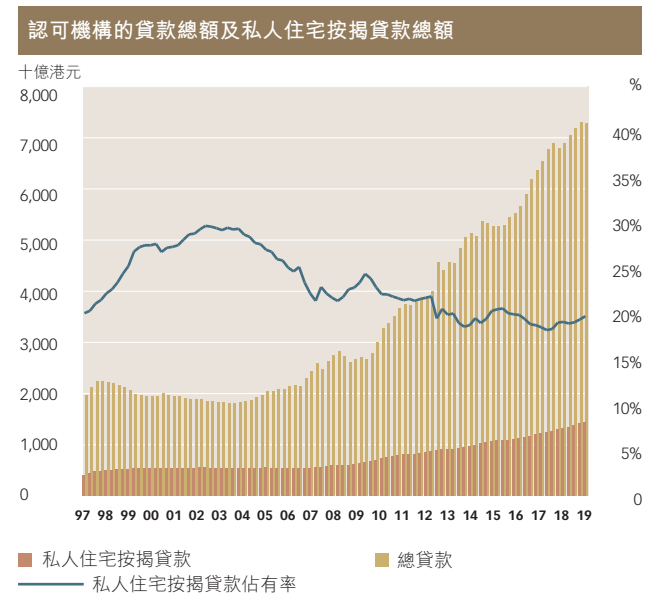


資料來源：香港金融管理局

銀行業貸款

私人住宅物業按揭貸款的未償還總金額，於二零一九年底增加至14,348億港元(二零一八年底：13,138億港元)，佔全港總貸款額五分之一(圖6)。該等按揭貸款加上建造業、物業發展及投資的借貸，與房地產相關貸款的總額為30,665.3億港元，佔銀行貸款總額約42.2%。截至二零一九年底，居者有其屋計劃、私人機構參建居屋計劃及租者置其屋計劃的未償還按揭貸款總額增至780.3億港元(二零一八年底：583.8億港元)。

圖6



資料來源：香港金融管理局

⁴ 資料來源：金融管理局

資產收購

儘管市場資金充裕令銀行出售其資產的意欲減弱，本集團已做好準備，於有需要時為市場提供流動資金。二零一九年，本集團收購價值約200萬港元的貸款資產。

融資安排

於二零一九年，全球經濟出現同步放緩，加上中美貿易戰反復升溫、地緣政治發展及主要央行出台寬鬆貨幣政策，導致局勢愈趨不明朗。香港經濟亦因全球經濟放緩及本地社會事件備受沖擊。儘管市況充滿挑戰，本集團堅持審慎的預早融資策略，為購買銀行貸款資產及再融資安排資金。基於本集團擁有強大政府支持和卓越的信貸評級，本集團於二零一九年發行了合共177億港元債券，年期一年或以上。截至年底，本集團未贖回債券總額為397億港元。

本集團致力定期發行債券和引入嶄新債券產品，發展本地債券市場。作為香港最活躍的企業發債體之一，本集團將繼續在本地機構及零售資本市場發行債券，並在海外機構市場開拓資金來源及擴大投資者基礎。這不僅有助擴大本集團的資金基礎，更可以為機構投資者及零售投資者提供高素質的債券工具，滿足投資者對投資組合多元化及提高收益的要求。

本集團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。由於本集團的信貸評級卓越，所發行的債券受各界投資者歡迎，包括退休基金、保險公司、投資基金、慈善及政府相關基金與零售投資者等。本集團一直積極與投資者溝通，定期將最新訊息發放給投資者。

中期債券發行計劃

為了在國際市場吸引更多投資者和開拓資金來源，本集團於二零零七年六月設立多種貨幣中期債券發行計劃。初時的發行規模為30億美元，於二零一一年七月增長一倍至60億美元以滿足海外投資者更大的需求。在該計劃下，本集團可發行多種主要貨幣的債券，包括港元、美元、人民幣、澳元、英鎊、歐元、日圓及新加坡元，以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發行的外幣債券，均全數對沖為美元或港元。該項計劃亦兼有靈活的產品特色及發行機制，可進行公開發行或私人配售，更能迎合投資者在不同投資年期等方面的要求。本集團委任國際及區內主要金融機構組成強大的交易商團隊，支持未來中期債券發行，亦為二手市場提供流通性。

二零一九年，本集團透過中期債券發行計劃，共發行了36批私募債券，金額合共177億港元等值，年期一年或以上。該等債券包括發行總額為12億港元的30年債券，為定息業務準備之用。

債務工具發行計劃

債務工具發行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為200億港元，於二零零三年增長一倍至400億港元。此計劃提供了一個既靈活亦有效率的平台，供本集團發行債券和可轉讓貸款證，最長年期達15年。該計劃委任主要交易商和銷售團成員，為公開發售與私人配售方式發行的債券提供廣泛的分銷渠道。

零售債券發行計劃

本集團致力推廣香港零售債券市場。本集團作為先驅，於二零零一年十一月開拓一個新的發行機制，及於二零零四年五月成立200億港元的零售債券發行計劃。自二零零一年起，本集團已發行零售債券合共137億港元。本集團致力在市況合適時定期發行零售債券，為香港的零售投資者提供額外的投資工具。

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，向本集團提供100億港元循環信貸安排，使本集團可以在異常經濟環境下保持平穩營運，因而可更有效地履行穩定香港銀行及金融系統的使命。雖然本集團可以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重要的備用流動資金。由於二零零八年爆發全球金融危機，該信貸額度於當年十二月增加至300億港元，顯示特區政府肯定本集團的重要性，並對本集團給予進一步支持。本集團曾於一九九八年和二零零八年資本市場受壓及異常波動時，動用備用循環信貸，作為向本地銀行購入香港住宅按揭資產的部份資金。本集團兩度於市場回復穩定後，以具成本效益的發債所得資金，全數償還向循環信貸安排借入的貸款。二零一九年，本集團並沒有向循環信貸安排借入任何貸款。

信貸評級

標普及穆迪給予本集團與特區政府看齊的卓越評級，增強了本集團所發行債券對投資者的吸引力。

香港按揭證券有限公司信貸評級

	標普		穆迪	
	短期	長期	短期	長期
本地貨幣	A-1+	AA+	P-1	Aa3
外幣	A-1+	AA+	P-1	Aa3
前景	穩定		穩定	

(截至二零二零年一月二十一日)

於二零二零年一月二十一日，穆迪將本集團的長期評級由Aa2下調至Aa3，與香港特區的下調評級相同。

信貸評級機構對本集團的信用水平給予正面評估。以下評論摘錄自標普及穆迪分別於二零一九年八月和二零二零年二月的信貸評級報告：

標普

「我們將香港按揭證券有限公司的評級，與作為其全資最終擁有人的香港的評級看齊，反映我們認為當該公司有需要時，幾乎可以肯定香港政府會及時向公司提供足夠的強力支持。...我們認為，該公司在過去數年開展的其他政策業務，強化了公司與香港政府的連繫，鞏固了兩者的整體關係。」

「香港按揭證券有限公司擁有穩固的市場地位及獨特作用，通過購買按揭和貸款組合，滿足本地銀行對流動資金和資產負債表管理的需求，尤其是在市場受壓時。...香港按揭證券有限公司的商業模式經歷過各種困難市場環境的試煉。例如當全球金融市場與本地經濟於二零零八年底和二零零九年初受壓之際，香港按揭證券有限公司因應銀行要求，擴大收購按揭貸款，並優化其按揭保險計劃。然而，近年該公司收緊按揭保險計劃的資格標準，以應對樓價上升。」

「我們相信，香港按揭證券有限公司董事局各成員經驗豐富，能力優秀，加上對公司監督卓有成效，有利公司業務。我們認為管理層能力、效率及經驗兼具。香港按揭證券有限公司的定位清晰，與其能力及市況相符。該公司一直按其財務及風險管理準則經營，我們認為該等準則嚴謹明確。」

「我們預期，香港按揭證券有限公司將合理審慎管理融資安排及流動資金，雖然並無存款業務，但藉三個優先債券計劃，能深入利用債券資本市場。我們期望香港按揭證券有限公司維持超過足以應付其短期資金需要的高流動性資產，以作充分緩衝。...此外，300億港元循環信貸安排讓香港按揭證券有限公司應付來年到期的總負債額卓有餘裕，為任何突如其來的流動資金壓力，提供了重要的緩衝。」

穆迪

「香港按揭證券有限公司是由香港政府透過外匯基金全資擁有。該公司執行政策任務，包括促進香港金融和銀行業的穩定、自置居所、本地債券資本市場發展及退休規劃市場發展，方法為向商業銀行購買按揭及透過旗下一般保險附屬公司提供按揭保險及安老按揭。該公司肩負提高銀行體系穩定性的責任，擔當銀行體系的另一最後貸款人，當銀行遇到壓力時，該公司會購買住宅按揭作為支援。...該公司於二零一七年成立年金附屬公司，並於二零一八年推出年金產品。該公司自二零一九年起開始購入基建貸款。」

「政府透過外匯基金向香港按揭證券有限公司提供300億港元循環信貸安排及可按需求發行的額外股本權益。倘若該公司受壓時信用狀況轉弱，穆迪預期政府將及時提供特別協助。該公司的公共政策任務與政府目標緊密配合，而與政府關係密切亦提高日後獲得政府支持的可能。政府已向公司注資50億港元，用以建立年金業務，並準備好隨業務持續增長而提供更多資金。」

「香港按揭證券有限公司自成立以來，一直保持優良的資產素質。...香港住宅按揭貸款在過往的經濟週期一直表現良好。即使物業價值在一九九七年至二零零三年間下跌了70%，該公司的整體按揭貸款的拖欠率從未超過2.0%。目前，該公司的香港按揭平均按揭成數低於40%。」

「作為沒有存款業務並依靠批發融資的公司，香港按揭證券有限公司需要不斷從債務資金市場籌集資金以支持運作。然而，該公司奉行預早融資策略以購買預期的資產，而且在正常的經濟環境下也一直保持非常強健的流動資金。由於擁有強健的財務狀況與政府的關係，該公司較容易在資本市場籌集資金。...該公司擁有充裕的流動資產，包括來自政府的備用信貸安排，足以償還二零一九年六月底的所有債務。」

按揭證券化

本集團致力推動按揭證券市場在香港的發展。按揭證券是一種有效的金融工具，透過運用債券市場的長期資金，滿足按揭貸款對長期融資的資金需求。銀行與金融機構可利用按揭證券，管理按揭貸款面對的信貨、流動資金、利率及資產負債滿期錯配而引起的各類風險。一個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，並進一步鞏固香港的國際金融中心地位。

本集團自一九九九年，已發行總值132億港元的按揭證券。在二零零一年設立的30億美元Bauhinia按揭證券化計劃，提供一個既方便又靈活兼具成本效益的平台，使本集團能夠以不同的產品結構、加強信貸措施及分銷方法，發行按揭證券。

基建融資及證券化

面對環球基建融資市場龐大並正逐漸擴闊的資金缺口，本集團於二零一九年推出基建融資及證券化業務，以累積基建貸款資產及發展本集團的基建融資及證券化品牌。

初期，本集團向商業銀行購入及累積基建貸款，並與多邊開發銀行及商業銀行共同融資基建項目。

本集團於二零一九年先後成功與國際金融公司簽署框架合作協議及與中國出口信用保險公司簽署諒解備忘錄，以鞏固本集團與業界的合作關係。

本集團將繼續善用其卓越的信貸評級、發行中長期債券融資的優勢，以商業上可行、財務上可持續的方式，循序漸進地參與基建融資市場，同時恪守審慎商業原則及風險管理政策。待累積基建貸款資產組合及所需經驗後，開拓證券化機會。

本集團可藉基建融資及證券化業務，進一步履行促進本地債券市場發展、銀行業界穩定的公司使命，同時填補基建融資市場缺口，促進市場發展。

按揭保險計劃

按揭保險計劃幫助資金有限但需大筆資金支付首期的有意置業人士。從銀行業角度來看，計劃可以讓銀行借出更高成數的按揭貸款而毋須承擔額外的信貸風險，亦無損銀行體系的穩定性。該計劃為置業人士和銀行帶來雙贏局面。

多年來，按揭保險計劃已成為香港按揭融資不可或缺的一部份。二零一九年，對按揭保險計劃的需求維持穩健，而在按揭保險計劃下的貸款總額，由二零一八年的325億港元增加至二零一九年的333億港元(圖7)。而計劃下新取用的按揭貸款，約73%以二手市場物業作抵押(就貸款金額而言)，顯示該計劃對於在二手市場置業的人士相當重要。

圖7



資料來源：香港按揭證券有限公司

年內，本集團與參與銀行提高按揭保險計劃的吸引力。自一九九九年，按揭保險計劃協助超過149,000個家庭實現置業夢想，取用貸款總額達4,010億港元。

本集團自一九九七年成立以來，一直以協助市民置業安居為使命。本集團於二零一九年十月十六日就已落成住宅物業對按揭保險計劃作出以下的修訂，協助有即時置業自用需要的人士：

- (a) 八成按揭保險的合資格物業價格上限為1,000萬港元；
- (b) 適用於首次置業人士的九成按揭保險的合資格物業價格上限為800萬港元；
- (c) 欲以高於修訂前的物業價格上限(即八成按揭保險下的600萬港元及九成按揭保險下的400萬港元)敘造按揭貸款，須繳交額外15%的保險費用；及
- (d) 上述和現有按揭保險產品的供款入息比率統一以50%為上限，並須符合銀行壓力測試。首次置業人士如未能符合壓力測試，仍可申請敘造最高八成或九成按揭貸款，其保費會因應風險因素作額外調整。

HKMC 退休方案

本集團一直致力促進退休規劃市場的發展，並於二零一九年五月推出企業品牌「HKMC 退休方案」。方案旗下的退休規劃產品（即安老按揭計劃、保單逆按計劃及香港年金計劃）將一同推廣，提供全面的退休規劃方案。本集團不但宣傳理財知識，同時亦關注退休人士的整體福祉，該方案推出後，公眾對退休規劃的認識有所提升。

本集團繼續透過公開講座、巡迴展覽、教育短片、刊物及印刷資料等多種途徑向社會不同界別人士宣傳退休規劃的重要性。本集團連續兩年榮獲投資者及理財教育委員會頒發理財教育獎，表彰其對香港整體理財教育的發展及改進作出貢獻。展望將來，本集團將繼續探索與各持份者的合作機會，進一步向社會各界推廣理財知識及加強公眾教育。

為慶祝推出「HKMC 退休方案」，本集團於二零一九年五月八日舉行重點活動宣佈該方案正式啟動，並於年內持續舉辦教育宣傳活動。在為期兩天的重點活動期間，退休社群內不同的持份者，例如香港房屋協會、香港賽馬會及東華三院等舉辦小型博覽，並設有具教育意義的攤位及公開講座。每場公開講座都反應熱烈，攤位亦成功吸引大批

市民參與。本集團舉辦是次活動旨在向退休人士提供涵蓋退休生活多個範疇的全面退休規劃方案。有關活動取得成功，本集團聯同退休社群的主要持份者、銀行、非政府機構、社會企業及各界專業人士攜手合作，共同提高公眾對提早規劃退休重要性的意識。

作為建立集團品牌策略的其中一環，本集團於二零一九年一月開設「HKMC YouTube 頻道」，透過分享有關本集團不同類型產品的短片、企業首個宣傳短片「新點子」及「HKMC 退休方案」短片，建立與公眾互動的平台。此外，「HKMC YouTube 頻道」亦上載了重點活動的短片，當中包括啟動儀式及由不同持份者主持的講座。本集團將繼續運用此平台，與退休社群及公眾保持緊密聯繫。

本集團亦有採用其他渠道傳達「HKMC 退休方案」的理念，特別是透過一連串媒體採訪延伸「HKMC 退休方案」的宣傳範圍。本集團亦發佈有關退休規劃不同範疇的教育文章，將其分發至持份者並在其網站及社交平台刊登。此舉旨在加強公眾的理財知識，教育公眾了解提早規劃退休的重要性。

為加強本集團與客戶的聯繫及營造有利於提高本集團業務長期效益的環境，本集團於二零一九年推出會員計劃。於同年五月，本集團邀請「HKMC 退休方案」的現有客戶成為該計劃的會員。本集團將會以研討會、工作坊及戶外活動等形式為會員舉辦包括健康養身、旅行娛樂、體育及理財規劃等不同主題的活動。本集團希望會員能夠透過參與該等活動促進其整體福祉，同時透過與會員之間的互動提高本集團的信譽，從而讓更多目標客戶明白「HKMC 退休方案」長遠可帶來的好處。

安老按揭計劃

安老按揭計劃旨在給予退休人士多一個財務規劃選擇，提升生活素質。在安老按揭計劃下，借款人可以利用在香港的住宅物業作為抵押品，向參與銀行提取安老按揭貸款。借款人仍然是物業的業主，並可於固定的年金年期內或終生每月收取年金，亦可提取一筆過貸款，以應付特別情況。

隨著本集團多年來持續宣傳退休方案，公眾對安老按揭計劃的認受程度不斷提高。越來越多市民認同安老按揭計劃的理念，並視之為一項理財工具，可以在退休後每月取得穩定收入。本集團不時檢討安老按揭計劃，並推出優化措施，務求更好地滿足退休人士的需要。為此，本集團積極地透過專題小組及會面向現有及潛在客戶及從業員徵詢意見。本集團以開放的態度歡迎參與人士分享意見，提出有利於安老按揭計劃持續發展的見解。

為接觸各區的目標客戶，本集團與多家銀行合作，利用其廣泛的地區網絡，在港九新界各銀行分行舉辦一系列巡迴展覽，設有安老按揭計劃的展覽及短片，介紹安老按揭計劃的好處，並提供攤位遊戲吸引公眾，加深他們對安老按揭計劃的了解。本集團職員及銀行代表現場解答潛在客戶的諮詢。除展覽外，本集團亦採用「導師培訓計劃」，於年內與多家銀行及其他持份者聯合舉辦超過50場公開講座。公眾反應熱烈，各場講座出席人數平均介乎50至100人。當中不少參與者都對計劃深感興趣，而且想進一步深入了解安老按揭計劃如何提高退休生活質素。

除到各區推廣外，本集團亦透過多個宣傳渠道接觸大眾，如在主流電視頻道及銀行地區分行播放安老按揭計劃廣告。此外，本集團亦製作了介紹安老按揭計劃不同好處的短片，並自二零一九年五月起在「HKMC YouTube 頻道」播出。

保單逆按計劃

為更好地滿足退休人士的需要，本集團就轉讓人壽保單作為按揭貸款的單一抵押品進行可行性研究，並於二零一九年五月推出保單逆按計劃，為退休人士提供多一項退休理財規劃的選擇，其業務模式與安老按揭計劃相似。

保單逆按是一項貸款安排，讓60歲或以上借款人利用壽險保單作為抵押品，向貸款機構每月取得穩定收入。在保單逆按計劃下，借款人可選擇於固定的年金年期內或終生每月收取年金。借款人亦可提取一筆過貸款，以應付特別情況。

一般情況下，借款人可終身毋須還款，除非貸款在特定情況下被終止。當保單逆按到期償還時，貸款機構將於指定時間內動用壽險保單的身故賠償金額以悉數償還相關的保單逆按貸款。

為提高保單逆按計劃的認受性，本集團於公共交通及社交媒體平台推出廣告宣傳。例如在指定地鐵大堂設置廣告，及在地鐵車廂內、巴士車身及巴士椅背張貼廣告。於各大社交平台亦設有網絡廣告，以擴大公眾宣傳面。除廣告外，本集團於地區宣傳方面將保單逆按計劃及安老按揭計劃一同推廣，以達至協同效應，務求與社會不同界別人士建立緊密聯繫。

香港年金計劃

為配合政府提升長者退休生活質素的政策，香港年金有限公司（「香港年金公司」）於二零一七年六月成立，以幫助香港市民為退休理財作出規劃，及促進本地年金市場的發展。投保香港年金計劃（「年金計劃」）後，受保人將收取每月保證固定年金金額，直至終身。截至二零一九年年底，年金計劃共批出7,610份保單，總保費金額約44億港元，平均保費金額約570,000港元。

香港年金公司於二零一九年五月優化年金計劃，放寬個人保費總金額上限至300萬港元，並推出為期六個月的保費折扣推廣計劃，進一步推廣年金計劃。

為達致促進市場發展的目標，香港年金公司自二零一九年七月起進行推廣活動，邀請藝人盧宛茵拍攝宣傳短片，透過電視、電台、戶外及數碼廣告等多個渠道向目標群組推廣終身年金及長壽風險管理的概念。為進一步接觸社群，香港年金公司於二零一九年舉辦超過33場公眾講座，並參加黃金時代展覽暨高峰會2019以及50+博覽2019，向公眾推廣均衡退休理財組合的重要性。宣傳推廣活動成功掀起市民對年金產品的關注。本地年金市場的新造保費於二零一八年快速增長40%達108億港元⁵，於二零一九年繼續錄得顯著增長，新造保費於二零一九年全年達至209億港元⁵。

延長中小企融資擔保計劃下八成信貸擔保產品（八成信貸擔保產品）

面對外圍經濟環境波動，二零一二至一三年度財政預算案公佈一系列支援本地中小企的措施，其中包括本集團根據市場為本的信貸擔保產品推出有時限的特別優惠措施，為合資格貸款提供八成信貸擔保，而且擔保費用大幅調低（「八成信貸擔保產品」）。由政府提供1,000億港元的信貸保證承擔額支持下，八成信貸擔保產品協助中小企取得融資作一般營運資金、添置設備或其他資產，以支援業務運作。本集團以審慎的商業原則營運八成信貸擔保產品，收取的擔保費會撥作支付參與貸款機構的壞帳索償及計劃下的相關開支。現時共有31間認可機構參與此計劃成為貸款機構。

為進一步減輕本地中小企的融資負擔和協助中小企獲得融資，本集團於二零一八年十一月推出以下三項優化措施：

1. 降低擔保費五成；
2. 將最高貸款額由1,200萬港元增加至1,500萬港元；及
3. 將貸款擔保期由5年延長至7年。

八成信貸擔保產品原本的申請期為九個月，直至二零一三年二月二十八日止，隨後延長了多次。八成信貸擔保產品的申請期及於二零一八年十一月推出的三項優化措施將延長至二零二二年六月底。

⁵ 資料來源：保險業監管局

於二零一九年九月，八成信貸擔保產品推出新紓緩措施，旨在協助中小企應付經濟環境不明朗下面臨現金流壓力的情況。在新紓緩措施之下，借款企業可申請延遲償還本金最多六個月，可申請續期，合共以12個月為上限，期內只需支付利息。新措施適用於現有及新申請借款企業。新紓緩措施自二零一九年九月四日起生效，有效期為一年。

八成信貸擔保產品深受市場歡迎。截至二零一九年十二月三十一日，本集團共批出超過17,200宗申請，涉及貸款總額723億港元。逾9,500間本地中小企及超過242,100名相關員工受惠於此計劃。

推出中小企融資擔保計劃下的九成信貸擔保產品(九成信貸擔保產品)

財政司司長於二零一九年八月宣佈，政府將在中小企融資擔保計劃下推出新的九成信貸擔保產品(「九成信貸擔保產品」)。立法會財務委員會通過撥出330億港元信貸保證承擔額，於二零一九年十二月十六日推出九成信貸擔保產品。九成信貸擔保產品旨在協助一些規模較小、經營經驗尚淺的企業取得融資。每家企業及其關連公司的最高貸款額為600萬港元，最長擔保期為五年，而擔保費率與現有的八成信貸擔保產品一樣。九成信貸擔保產品的申請期至二零二二年六月三十日止。

與八成信貸擔保產品一樣，收取的擔保費會撥作支付壞帳索償及相關開支。

自二零一九年十二月推出九成信貸擔保產品以來及直至二零一九年十二月三十一日，本集團接獲23宗申請，並批出其中19宗，涉及貸款總額3,920萬港元。

繼於二零一六年開始的中小企融資擔保計劃宣傳活動，本集團與參與計劃的貸款機構、中小企業商會、工商業商會及業界持續緊密溝通，並分享中小企的成功個案，以增強公眾對中小企融資擔保計劃的了解及認識。

於本年度，本集團為貸款機構的員工舉辦定期培訓或專題培訓及工作坊，並分享業務和有關索償的統計數據，以提升中小企融資擔保計劃的透明度及提升其使用率。本集團亦於中小企講座介紹中小企融資擔保計劃，以提高公眾對中小企融資擔保計劃的認識。

小型貸款計劃

本集團擔當小型貸款計劃營運者的角色，聯繫參與的銀行和非政府機構，為有意創業人士、自僱人士或有意透過接受培訓或考取專業資格以達到自我提升的人士，提供可負擔息率的融資和其他支援服務。

小型貸款計劃自二零一二年六月開展以來，向創業人士、來自不同背景和行業的自僱人士，以及希望透過接受教育或培訓自我增值的人士，批核共5,550萬港元的貸款。

財務回顧

財務回顧

在中美貿易摩擦、英國脫歐程序及其他地緣政治事件所帶來的不明朗因素下，全球貿易、投資、製造業活動，甚至消費普遍轉差，導致二零一九年全球的經濟增長同時放緩。大部分央行已採取措施，取消貨幣收緊政策或正常化步伐，改為寬鬆的貨幣政策。中國內地方面，儘管經濟大致保持暢旺，但經濟增長自二零一八年起也有着顯著放緩。

二零一九年第三季度香港的經濟增長由上半年的0.5%溫和增長急劇轉壞至按年收縮2.9%。本地社會事件嚴重打擊與消費及旅遊相關行業，為本已受累於全球經濟增長放緩及中美貿易摩擦升級的香港經濟帶來沉重打擊。第三季度的外部需求錄得更大降幅，本地需求亦顯著惡化。鑑於經濟狀況惡化，勞工市場隨之放緩，第四季度的失業率微升至3.3%。

收益表

財務表現

股東應佔溢利上升至3.17億港元(二零一八年：1.27億港元)(表1)。盈利上升，主要由於本集團的年金業務基於精算假設下需要維持審慎的法定儲備因新增業務減少而下降，以及外匯基金存款投資回報增加，令會計虧損減少。然而，因為支持本集團的使命和香港特區政府的部分政策目標而需要增加投放資源，抵銷了部分盈利的增幅。因此，股東資金回報率為2.1%(二零一八年：0.9%)，而成本對收入比率則下降至58.7%(二零一八年：86.0%)。儘管年金業務錄得會計虧損，其內含價值約為53億港元，顯示業務長遠而言應能獲得盈利。

資本充足率處於30.2%的穩健水平(二零一八年：26.8%)，以預留資金作業務發展之用。本集團轄下從事一般保險業務的附屬公司的償付能力充足率約為39倍(二零一八年：42倍)，從事年金業務的附屬公司則約為22倍(二零一八年：34倍)，兩者均遠高於相關最低監管要求。

表1

財務表現概要	二零一九年 百萬港元	二零一八年 百萬港元
未計減值前的經營溢利	337	67
除稅前溢利	337	67
股東應佔溢利	317 ¹	127 ¹
股東資金回報率	2.1% ¹	0.9% ¹
成本對收入比率	58.7% ¹	86.0% ¹
資本充足率	30.2%	26.8%

¹ 在扣除按揭證券公司全資附屬公司—香港年金有限公司基於精算假設對其年金業務因需要維持審慎的法定儲備而引起的會計虧損後，二零一九年經調整的股東應佔溢利、股東資金回報率和成本對收入比率分別為4.43億港元、4.2%及41.8%(二零一八年：分別為5.15億港元、5.1%及36.7%)。

淨利息收入

香港按揭證券公司集團錄得淨利息收入5.24億港元，較二零一八年減少1,200萬港元，主要由於到期及提早償還貸款使平均貸款組合減少所致，而年內購買基建貸款及其他平均計息資產(即現金及債務投資)增加則令情況有所舒緩。淨息差為1.0%(表2)。

表2

淨利息收入	二零一九年 百萬港元	二零一八年 百萬港元
淨利息收入	524	536
平均計息資產	53,839	50,972
淨息差	1.0%	1.1%

按揭保險已滿期保費淨額

透過按揭保險計劃新承保的貸款，由二零一八年的325億港元微升至二零一九年的333億港元。已收保費淨額(扣除提供予客戶的折扣後)按未滿期風險攤銷及確認為收入。計及給予銀行整筆鼓勵性佣金支出、申索及撥備約300萬港元(二零一八年：400萬港元)，已滿期保費淨收入為1.96億港元(二零一八年：2.22億港元)。

年金業務之淨保險相關業績

鑑於年內新增業務量減少，年金業務之淨保險相關業績(即已滿期保費淨額、申索產生淨額、已付利益、保單持有人負債變動以及佣金和徵費支出總和)錄得3.87億港元虧損(二零一八年：5.50億港元)。會計虧損主要由於按精算假設下需要維持審慎的法定儲備，而存放於外匯基金的資本及已收保費的投資回報則歸類於其他收入項下。

其他收入

其他收入為4.65億港元(二零一八年：2.50億港元)，主要包括來自存放於外匯基金的投資收益4.65億港元(二零一八年：1.85億港元)、以公平值變化計入損益的投資收益淨額3,300萬港元(二零一八年：淨虧損1,400萬港元)、來自投資的股息收入2,000萬港元(二零一八年：5,900萬港元)及外匯虧損3,800萬港元(二零一八年：收益1,200萬港元)，主要來自美元存款及債務投資。

經營支出

本集團一直致力維持嚴格的成本監控以控制開支及提高營運效率。為支持本集團的核心使命及香港特區政府若干政策，資源的投放有所上升，經營支出增加至4.80億港元(二零一八年：4.12億港元)，惟支出金額較預算為少。僱員成本為2.96億港元(二零一八年：2.58億港元)，有效控制於佔總經營支出的61.7%。

貸款減值撥備

資產素質維持穩健，本集團的按揭貸款組合拖欠比率處於0.02%的低水平(二零一八年：0.02%)。由於年內購買了具較高信貸質素的基建貸款金額約19億港元，按照已批准的審慎撥備政策在二零一九年錄得的貸款減值撥備為90萬港元(二零一八年：2萬港元)。本年度錄得貸款撇銷為50萬港元(二零一八年：60萬港元)；而同期收回已撇銷貸款為50萬港元(二零一八年：90萬港元)。

按類分析

以下表3載列按不同業務對二零一九年稅前溢利的貢獻。

表 3

	購買資產 及供款管理			總額
	服務	一般保險	人壽保險	
	百萬港元	百萬港元	百萬港元	百萬港元
截至二零一九年				
十二月三十一日止年度				
稅前溢利/(虧損)	302	163	(128)	337
截至二零一八年十二月				
三十一日止年度				
稅前溢利/(虧損)	360	173	(466)	67

二零一九年購買資產及供款管理服務稅前溢利為3.02億港元，主要來自貸款及投資組合的淨利息收入。二零一九年一般保險稅前溢利為1.63億港元，主要為按揭保險計劃和安老按揭計劃已滿期保費淨額。二零一九年人壽保險稅前虧損為1.28億港元，主要由於香港年金公司基於精算假設對其年金業務需要維持審慎的法定儲備，部份由資本及已收保費存放於外匯基金的投資回報抵銷。儘管香港年金公司錄得虧損，但截至二零一九年年底，年金業務內含價值²約為53億港元，顯示業務長遠而言應能獲得盈利。

² 內含價值為權益總額與未來溢利現值總和。權益總額包括香港年金公司於二零一八年四月所得注資50億港元。

財務狀況

貸款組合

本集團於本年度購入約19億港元基建貸款(二零一八年：3億港元的香港貸款資產)。計及本年度按揭貸款組合的提早還款和正常還款後，貸款組合未償還結餘為69億港元(二零一八年：64億港元)。

證券投資

本集團按照董事局批准的投資指引，採取審慎、低風險的方針管理剩餘資金與投資活動。於二零一九年十二月三十一日，投資組合總結餘為173億港元(二零一八年：172億港元)，包括169億港元債務投資及4億港元交易所買賣債券基金及房地產信託投資基金。債務投資並無任何違約損失。

外匯基金存款

於二零一九年十二月三十一日，按證保險公司和香港年金公司資本投資及香港年金公司已收保費存放於外匯基金的金額為129億港元(二零一八年：77億港元)，其中按證保險公司的資本投資由二零一九年開始。

債券發行

於二零一九年，本集團透過中期債券發行計劃，發行合共319億港元債券。該計劃發行的所有非港元債務均以港元或美元對沖外匯風險。本集團繼續採納審慎的預先籌措資金策略，於二零一九年十二月三十一日，未贖回債券總結餘維持於397億港元(二零一八年：373億港元)。

主要資產負債表外風險

按揭保險計劃

本集團以核准再保險公司分擔風險方式經營按揭保險業務。於二零一九年底，風險總額約為279億港元(二零一八年：237億港元)，其中48億港元(二零一八年：40億港元)已向核准再保險公司購買再保險。由本集團承擔的資產負債表外風險增加至231億港元(二零一八年：197億港元)。

於二零一九年底，未決申索撥備佔所承擔風險維持穩定於0.1%。拖欠比率維持穩健的0.003%水平(二零一八年：0.002%)。

安老按揭計劃

本集團以保險公司的身份經營安老按揭計劃，就香港參與銀行貸出的安老按揭貸款收取保費，提供按揭保險保障。計及安老按揭貸款未提取的未來年金以及於二零一九年實行的再保險安排，本集團於二零一九年十二月三十一日承擔的風險，增加至112億港元(二零一八年：96億港元)，相關未償還貸款總結餘為23億港元。

資本管理

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

根據指引，計算資本充足率乃跟隨財務報告的綜合基準，但撇除須遵守其他維持充足資本要求的受規管附屬公司(即受保險業監管局規管的按證保險公司和香港年金公司)。撇除未予綜合的受規管附屬公司的投資成本後，於二零一九年十二月三十一日資本充足率仍處於30.2%的穩健水平，遠高於資本充足率指引規定的8%最低比率。

於二零一九年十二月三十一日，按證保險公司和香港年金公司的償付能力充足率分別約為39倍及22倍，遠高於保險業監管局分別規定不低於200%和150%的法定最低要求。

股息

考慮到業務發展的資金需求，二零一九年不會宣派股息(二零一八年：無)。

風險管理

風險管理

本集團以審慎的商業原則營運。一切以「審慎為先、利潤為後」的原則，作為整體風險管理架構與經營日常業務的方針。多年來，本集團不斷優化已相當完善、穩健及行之有效的風險管理制度，務求配合市場與業務策略的變化。

董事局擁有本集團最高決策權及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，首要責任是制定風險胃納聲明內的風險管理策略，並確保本集團以有效的風險管理制度執行該等策略。風險胃納聲明訂定所有風險活動的限制，並將這些限制納入本集團遵循的風險上限、風險政策和監控程序中，以確保風險得到妥善管理。

企業風險管理委員會負責監察本集團各類型風險，檢討和批核高層次的風險相關政策，監察執行情況，並且督導有關管治、政策及措施的優化工作。委員會審視定期壓力測試，以評估本集團應對極端嚴峻情況的財務能力。

委員會由一位執行董事擔任主席，成員包括總裁、高級副總裁、首席法律顧問及風險管理部的高級職員。

本集團主要管理因貸款資產、擔保組合、基建貸款、年金業務及投資組合而產生的信貸風險、市場風險、長壽風險、物業風險、營運風險、法律與合規風險及槓杆風險。

除企業風險管理委員會外，香港按揭證券有限公司亦藉不同的管理委員會管理風險，如基建融資及證券化投資委員會、信貸委員會、交易核准委員會、資產負債管理委員會、營運風險管理委員會及長壽風險委員會。除基建融資及證券化投資委員會由一位執行董事擔任主席外，上述管理委員會均由總裁擔任主席，成員包括相關高級副總裁、首席法律顧問及有關運作部門的高級職員。

保險附屬公司亦自設風險管理委員會，以監察保險風險及其他有關風險。各個風險管理委員會由該等附屬公司一位執行董事擔任主席，成員包括總裁、相關高級副總裁及該等附屬公司有關運作部門的高級職員。香港年金有限公司的風險管理委員會成員包括獨立及非執行董事，為其營運提供獨立的風險監察。

信貸風險

貸款資產及擔保組合

本集團置有由零售及商業貸款資產組成的貸款及擔保組合，當中主要為按揭貸款。信貸風險是本集團承擔的最主要風險，源於借款人或交易對手因拖欠貸款而引起的風險。

(一) 違約風險

為有效控制違約風險，本集團四管齊下，保障和維持本身資產、按揭保險計劃及中小企融資擔保計劃下資產組合的素質：

- 仔細挑選交易對手，包括核准賣方、核准管理供款機構、核准再保險公司和貸款機構
- 對購買資產、保險和擔保申請制定審慎的資格標準
- 對購買按揭貸款、違約損失、保險及擔保索償進行有效的盡職審查程序
- 提升高風險交易的保障。

若購買按揭貸款計劃的貸款於違約時收回的金額少於貸款餘額，可能引致虧損。為減低違約風險，本集團制定審慎的貸款購買標準，並於購買貸款過程中進行有效的盡職審查，以維持貸款的信貸素質。此外，本集團會視乎個別相關貸款組合的預計風險，與核准賣方就該組合訂立加強信貸安排，以降低因借款人違約而可能招致的信貸損失。

按揭保險計劃所承保的貸款於違約時亦可能會帶來虧損。每宗按揭保險計劃的申請，均由本集團根據一套審慎的投保標準審批，而參與銀行的每項申索亦會由本集團審查，以確保符合所有按揭保險計劃下的承保條件。因此，按揭保險計劃貸款的違約風險得以大幅降低。為避免違約風險可能過於集中，本集團以再保險安排，將部分風險轉移至核准再保險公司。

同樣地，中小企融資擔保計劃所擔保的貸款，於借款人違約時亦可能會帶來虧損。各擔保申請均會經貸款機構根據本身的信貸政策評估借款人的違約風險。此外，本集團採用審慎的承保條件，進行行政審批和信貸審查，從而更加了解擔保申請的信貸素質；並就每宗壞帳索償進行盡職審查，確保貸款符合本集團的承保條件以及貸款機構的內部信貸政策。

此外，本集團採用三管齊下的方式，管理小型貸款計劃下的違約風險，包括(1)審慎評估借款人的還款能力；(2)由審批委員會考慮創業計劃的商業可行性以批核貸款申請；及(3)向借款人提供營商培訓和導師支援。

本集團定期追蹤與匯報貸款和擔保組合的信貸表現，讓管理層知悉最新的信貸狀況，以便密切監察經營環境中出現任何與本集團有關的風險，並及時實施減少風險的措施。

(二) 賣方／管理供款機構交易對手風險

倘若所收購組合的核准賣方／管理供款機構未能適時及準確地匯寄定期款項予本集團，可能會產生交易對手風險。

本集團採用以風險為本的的資格審查，持續監測核准賣方／管理供款機構的貸款管理素質和信貸狀況。

(三) 再保險公司交易對手風險

再保險公司交易對手風險指核准再保險公司無法向本集團支付索償款項的風險。本集團已設立機制，評估按揭再保險公司的資格，並就所承受風險索取抵押品，以有效降低交易對手風險。

本集團每年及於需要時檢討各核准再保險公司的資格，以決定日後的業務分配及風險分攤比例。

(四) 庫務交易對手風險

當庫務交易對手拖欠或無法支付本集團有關庫務工具交易的款項時，可能會產生庫務交易對手風險。為管理庫務交易對手，本集團採用以評級為主的交易對手評估框架，及以風險為本的交易對手限額機制。本集團持續監測庫務交易對手，並根據評估結果，調整各庫務交易對手的限額。

此外，本集團已經與主要掉期交易對手建立了雙邊抵押品安排，以減低庫務交易對手風險。

(五) 貸款機構風險

本集團承受中小企貸款所產生的貸款機構風險：(1)貸款機構的貸款行為與其信貸政策不符；(2)貸款機構制定的信貸政策寬鬆、不夠仔細或不夠詳盡以落實審慎批核要求；及(3)貸款機構因為貸款有擔保保障而在審批時不夠審慎所引發的道德風險。本集團通過審查貸款機構的信貸政策以及就索償進行的盡職審查，管理貸款機構風險。

(六) 保險公司交易對手風險

當人壽保險公司拖欠或無法履行其於根據保單逆按計劃轉讓予本集團的人壽保單下的責任時，可能會產生保險公司交易對手風險。為降低保險公司交易對手風險，轉讓予本集團的人壽保單必須由保險業條例下的獲授權保險公司發出。此外，本集團持續監察保險公司。

本集團信貸風險管理機制以信貸委員會及交易核准委員會為核心，而在保險附屬公司則為其風險管理委員會。

信貸委員會及保險附屬公司風險管理委員會負責制定信貸政策和資格標準。上述委員會審批要求成為購買按揭貸款計劃的核准賣方／管理供款機構、按揭保險計劃的核准再保險公司、中小企融資擔保計劃的核准貸款機構及合資格的庫務交易對手的申請。委員會亦負責制定交易對手的風險承擔限額。委員會密切注視經營環境，並適時提出緩解風險措施，以管理信貸風險。

交易核准委員會及保險附屬公司的風險管理委員會負責根據最新市況及董事局批准的業務策略，深入分析業務交易的定價因素及相關信貸風險。

基建貸款

當金融工具的交易對手未有履行其合約責任時，則會產生信貸風險，導致本集團可能產生或實際產生財務虧損。本集團多管齊下管理與基建融資及證券化業務相關的信貸風險，包括採用審慎貸款準則、內部專才及獨立顧問進行深入的盡職審查。本集團審慎考慮所有投資，包括適當的風險及回報、可予接納的項目風險及緩解措施。有關風險包括延誤風險、建造風險、履約風險、營運風險、商業風險、財務風險、交易對手風險、集中風險、法律與合規風險、監管風險、政治風險、貨幣風險、利率風險，以及環境及社會風險。本集團持續監察有關風險、實施審查制度，亦運用穩健的內部信貸評級及違約損失率方法，對因基建貸款違約而產生的預期虧損進行評估。

就風險管治架構而言，一個包括獨立風險控制小組的專責產品部門負責對基建投資進行信貸評估、日常監察、匯報及風險管理。基建融資及證券化投資委員會負責管理基建投資，包括監督對相關規則、指引及政策的遵守，以及批核、監察基建投資。

市場風險

由於市場價格轉變，使本集團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。

(一) 利率風險

淨利息收入是本集團盈利的主要來源，即本集團的貸款組合、現金及債務投資的利息收入超逾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的利息收入及負債相關的利息支出時，即引致利率風險。

利率風險管理的主要目的，是局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。本集團面對的利率風險有兩方面，即利率錯配風險和息差風險。利率錯配風險是影響本集團淨利息收入的最大風險，主要源自本集團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中大部分為浮息資產(以最優惠利率或香港銀行同業拆息率為基準)的貸款組合，而本集團的主要負債則為定息債券。本集團審慎運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，使之更能與按揭資產的浮息收入配對。

本集團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。正期限差距指資產期限長於負債期限，即利率上升時風險較大；反之，負期限差距則表示利率下跌時風險較大。

本集團在資產負債管理委員會的指引監督下，視乎利率的未來走勢及市況，會主動對資產負債組合的期限差距作出重新平衡。

息差風險指本集團以最優惠利率計息的賺息資產，及以香港銀行同業拆息率計息的計息負債兩者的基準利率差距。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風險的金融工具有限。一般而言，資產均按香港銀行同業拆息率以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，本集團刻意購買較多以香港銀行同業拆息率計息的資產，因此息差風險已大幅減少。此外，本集團也發行以最優惠利率計息的按揭證券，及採用對沖衍生工具，以減低在這方面的息差風險。

(二) 資產負債滿期錯配風險

按揭貸款及基建貸款組合的實際平均年期，通常較按揭貸款的合約年期為短，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，提早還款有兩個主要原因：(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可更具體闡釋為再投資風險與再融資風險。再投資風險指本集團將提前還款及收回的按揭貸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的浮息按揭資產時，本集團便會面對融資金額及資金成本的再融資風險。再投資風險可透過不斷購買貸款資產補充保留組合流失的貸款，及將剩餘現金投資債券及現金存款以調整整體資產組合的平均年期作有效管理。此外，本集團透過發行可贖回債券及可轉讓貸款證減輕再投資風險，讓本集團得以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。

本集團通過發行不同年期的債券，管理再融資風險，用以靈活調校整體負債組合的平均年期。此外，可以透過調整投資組合的資產到期日，或將貸款證券化以減少本集團的貸款資產，從而減低再融資風險。

本集團以資產負債期限差距比率評估、監控及管理資產負債滿期錯配風險，以確保本集團資產與負債的平均年期有適度平衡。

(三) 流動資金風險

流動資金風險指本集團無法償還債務(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。本集團採用流動資金風險管理機制應對市況的轉變，不斷監控市場事件對本集團流動資金狀況的影響，並採取審慎的預早融資策略，控制全球市場波動對本集團流動資金的影響。流動資金風險可透過監控每日資金流，以及預測整個還款期的較長期資金流情況加以管理。本集團以流動資產比率衡量、監控及管理流動資金風險狀況。

鑑於本集團由政府全資擁有的強大背景及良好的評級，本集團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，本集團持有高流動性的投資組合，有助本集團迅速和順利地應付無法預見的流動資金需求。即使市場資金持續異常緊縮時，本集團亦可運用外匯基金的300億港元備用循環信貸，作為後備流動資金。

本集團已成功開拓多個融資渠道，審慎管理提早融資，確保所有的可預見融資承諾於到期時能夠兌現，以支援業務發展及維持債務組合的平衡。此多元化資金來源，可使本集團以最低成本進行提早融資的策略，同時亦可在市場不尋常時期保持融資能力。目前的資金來源如下列表1所示：

表 1：本公司現時的資金來源

資金來源	說明
60億美元中期債券發行計劃	已委任強大的交易商團隊根據此計劃向國際機構投資者包銷及分銷港幣及外幣債券
400億港元債務工具發行計劃	主要交易商及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。此發行計劃下的可轉讓貸款證附屬計劃更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	配售銀行以分行網絡、電話及電子銀行服務設施協助本集團向投資者發行零售債券
30億美元Bauhinia按揭證券化計劃	多種貨幣按揭證券發行計劃，讓本集團在本地及國際市場推出按揭證券
投資組合	主要包括現金及銀行存款、商業票據、優質存款證及可隨時兌換成現金的票據
貨幣市場短期資金	本集團已從多家本地及國際銀行取得貨幣市場短期資金借貸額度作短期融資
300億港元備用循環信貸安排	外匯基金承諾向本集團提供300億港元備用循環信貸

(四) 貨幣風險

貨幣風險指匯率波動對本集團財政狀況及外幣現金流量的影響。本集團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，已通過外幣換匯交易悉數對沖。

交易分別經前線、中間及後勤辦公室處理，以確保有充份制衡。庫務部為前線辦公室，負責監察金融市場的變化，並根據資產負債管理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。風險管理部則擔任中間辦事處角色，監察交易是否符合庫務交易對手及市場風險限額。業務運作部為後勤辦公室，負責交易的核實、確認、結算及付款流程。

資產負債管理委員會負責全面管理市場風險。委員會依循審慎風險管理原則及董事局所核准的投資指引，負責審查和管理市場風險，包括利率風險、資產負債滿期錯配風險、流動資金和融資風險及貨幣風險。委員會定期舉行會議，檢討金融市場的最新發展，並制定有關資產負債的管理策略。

(五) 外匯基金存款

香港年金公司將所得年金供款存於外匯基金的「投資組合」和「長期增長組合」，以賺取投

資回報。此外，自二零一九年四月起，該公司及按證保險公司將繳足資本及保留溢利存於「投資組合」，以管理資本回報率。若投資回報低於預期水平，本集團會承受市場風險。利率、股價、樓價及匯率不利變動亦可能造成虧損風險。本集團積極監察並檢討投資組合，以釐定「投資組合」與「長期增長組合」之間的策略資產配置。

香港年金公司及按證保險公司因外匯基金存款所引致的一切風險，均由其風險管理委員會管理。

長壽風險

安老按揭計劃及保單逆按計劃下的長壽風險指預期長及支付較大額的年金所引致的風險。年金付款期及貸款期愈長，貸款金額隨着時間亦會累積愈多，而執行抵押物以償還貸款後的餘額會愈少。當出售物業的款項並不足以償還貸款時，就可能導致損失。

香港年金計劃下的長壽風險指年金受益人的實際壽命比預期長，令發放年金的年期變長，從而嚴重影響年金計劃的長期可持續性。

安老按揭計劃和保單逆按計劃的貸款終止率和年金計劃的保單終止率很大程度上取決於借款人和年金受益人的死亡率(即壽命)。本集團對死亡率及日後預期壽命的延長作審慎的精算假設，藉以應對長壽風險。本集團每年進行風險分析，以評估長壽風險所帶來的潛在財務影響，以及安老按揭計劃、保單逆按計劃和年金計劃下各種風險素之間的相互影響，並定期檢討假設的死亡率。

長壽風險委員會負責管理本集團的長壽風險，其職責包括批核長壽風險管理政策、對沖交易，並檢視本集團的長壽經驗及風險。委員會亦會密切注視並分析人類壽命的趨勢、相關科技的變革及對人類壽命的影響。

物業風險

在購買按揭貸款計劃、按揭保險計劃與安老按揭計劃時，作為貸款及擔保組合抵押品的物業如在價格方面有所波動，便會令本集團承受物業風險。本集團就購買貸款或貸款申請聘用測量師為每項物業估值、設定已抵押物業於變現時的保守價值、制定各類相關計劃的最高按揭成數及進行壓力測試以評估樓市下滑的影響，藉以管理物業風險。

信貸委員會和保險附屬公司的風險管理委員會負責管理本集團的物業風險。

營運風險

營運風險指由內部程序、人為、系統失誤或失靈、或外界因素引致運作中斷而導致損失的風險。

本集團採用自下而上的方式，深入分析新產品、業務活動、程序，並將系統升級與盡職審查新業務流程，以識別營運風險，另外亦採用全面驗證規則、資訊系統管理報告及審核證據，以追蹤及呈報任何錯誤或不足。

本集團維持全面且完善的內部監控、核證制度及營運流程，積極管理營運風險。本集團設有營運框架，配合不同業務範疇推出的新產品。此外，本集團在執行營運及系統基建設施之前，會作出嚴格審視，確保有足夠的內部監控，從而紓緩營運風險。

在業務活動及流程方面，本集團廣泛利用先進資訊技術、配合有效的營運制度與監控，以確保日常營運的效率及成果。本集團採用有效的措施確保該等系統準確、可用及安全。本集團亦有謹慎措施確保足夠監察和充分制衡，保證營運受到恰當控制。有效的內部監控有助減低財務風險，同時保障資產免遭挪用或不當的損失，包括預防及偵測欺詐行為。

營運風險管理委員會負責確保本集團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。委員會制定關鍵風險指標，監察主要營運風險的事項和減低風險措施的成效。於內部程序如有控制上的弱點、失效或不合規的情況，會作為營運風險事件紀錄、匯報及處理，以作為營運風險管理。委員會也負責制定方向、解決有關政策、監控和管理營運事宜，並確保倘若審核結果涉及營運風險或內部監控時，可以迅速採取恰當的糾正措施。

法律與合規風險

法律與合規風險指違反法定或監管責任及法律文件無法予以執行以保障本集團利益所產生的風險。

本公司在法律顧問部(包括合規專組)的協助下管理該等風險。

由首席法律顧問主管的法律顧問部，負責就法律事務向本集團提供意見。當考慮新產品或業務時，法律顧問部會就有關法律及法律文件提供意見。本集團亦會適時聘請外部法律顧問，協助法律顧問部為本集團提供法律支援。

合規專組是法律顧問部的一部份，由合規總監領導，其通過首席法律顧問向總裁匯報。合規專組會適時聘請外部法律顧問，為合規事宜提供意見。

營運風險管理委員會是負責管理法律與合規風險的委員會。

槓杆風險

為確保本集團在擴展業務以及資產負債表時，對資本基礎不會構成過度的風險，財政司司長作為本集團的監管人，已頒布資本充足率指引。該指引主要參考「巴塞爾協定II」的風險資本充足框架，而當中最底的資本充足率定為8%。於二零一九年十二月三十一日，本集團的資本充足率為30.2%。

監管資本按資本指引嚴格監控並審慎運用。總裁每季向董事局匯報資本充足率和當季的最低每日比率。本集團同時也設有預警機制，當資本充足率低於14%的臨界水平時，總裁會通知執行董事及考慮作出補救措施。而當資本充足率下跌至12%或以下時，會通報董事局，並採取適當的補救措施。

保險附屬公司的資本要求須遵守保險業監管局的監管規定。於二零一九年十二月三十一日，香港年金公司和按證保險公司的償付能力充足率分別為22倍及39倍。

企業管治報告

企業管治報告

企業管治常規

本公司的使命是促進：

- 銀行業界穩定
- 市民置業安居
- 本地債券市場發展
- 退休規劃市場發展

本公司根據審慎商業原則運作，並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。本公司所採納的企業管治常規，載於董事局所通過的「企業管治守則」(「守則」)內。守則以公平、透明、問責及向所有持份者負責的原則為前提。守則已向唯一股東、董事及員工派發，並載於本公司的網站(www.hkmc.com.hk)。

守則的合規監控方面，每年由各部門進行自我評估開始，然後總內部審核師會獨立審核各部門所填寫的自我評估報表，合規報告之後會呈交董事局審閱。董事局有權要求就任何違規行為採取適當行動。

二零二零年二月，總內部審核師對各部門就二零一九年度的守則合規情況所提交的自我評估報表，進行了獨立審核。根據年內本公司內部監控制度的審計結果及已填寫的自我評估報表，總內部審核師認為守則在各重大方面已經予以遵守。

提升企業管治守則

保持穩健及合理的企業管治架構，以達至有效和審慎的公司管理，一直是本公司的首要工作。為確保本公司的企業管治常規與最佳標準更趨一致，

本公司將不時檢討守則，並採納任何新發展的相關企業管治常規。

唯一股東

本公司的所有股份均由香港特別行政區政府透過外匯基金持有。

董事局

董事局負責領導本公司，並以有效及負責任方式推動公司爭取佳績。為對本公司作出策略性領導及實施有效監控，董事局每年最少會面四次，以檢視本公司的業務策略與政策、預算與規劃、組織與財務表現、風險管理、人力資源及社區關係。為確保董事局能夠作出持平的決定，董事局成員包括來自政府以及政黨、銀行界、會計界與法律界的代表。本公司鼓勵董事出席董事局會議，以確保事項得到充分討論。

守則規定在董事局會議召開前，董事都獲提供適當資料，以便了解公司事務的最新情況，並在會議上作出明智決定。在審查年度內，董事局共舉行了四次會議。

守則亦規定董事在履行本公司的董事職責時，應避免可能或可能被視為損害其個人判斷或誠信的情況或引起利益衝突的情況。

董事須就董事局會議即將審議的任何事項，申報其本人或其關連實體的重大利害關係。倘若有董事或其關連實體在董事局會議即將審議的事項中有利益衝突，則該名董事須在董事局會議表決該事項時放棄投票，而其出席也不會計算在該事項投票時的法定人數內。就每個財務匯報期，本公司均會要求董事就其本人及其關連實體在涉及本公司或本公司之附屬公司或附屬企業的重要交易、

安排或合約中所存有的重大利害關係進行確認。每年亦會按照香港財務報表準則，識別本公司與其交易對手訂立的有關人士重大交易，並在財務報表的附註內作出披露。

截至二零一九年十二月三十一日，董事局有14名董事，全部均由本公司的股東正式委任。董事資料載於年報內刊載的董事報告，亦可在本公司網站參閱。除了四名執行董事，所有董事均為非執行董事，並無積極參與本公司的日常管理。但非執行董事在董事局審議事項方面扮演着重要角色，包括提供獨立意見、廣博見識及多方面專業知識，有效推動管理層執行本公司的政策。本公司並無向董事支付酬金。

本公司會向新委任的董事提供關於本公司業務活動、策略及目標的簡介。

非執行董事的任期一般為一年。根據本公司的公司章程細則，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，惟可獲再委任。

對於董事及管理人員為本公司履行職務時可能引起的法律訴訟及其他索償，本公司備有保險安排。

主席與總裁

二零一九年內，主席一職由陳茂波先生擔任，總裁一職由李令翔先生擔任。主席與總裁職位分別由兩位人士擔任，以此明確區分董事局職責與本公司管理層的行政職責。董事局負責制定策略性

方向及業務指引，批核財務目標及持續密切監察本公司的表現。總裁向董事局負責，肩負帶領管理層以適當有效方式執行董事局決策的重任。總裁亦會確保定期向董事局呈報有關本公司業務的充足資料。

公司秘書

公司秘書向董事局負責，而其主要職責是確保本公司及董事局遵循所有公司秘書程序。此外，公司秘書須確保會議文件於每次董事局會議召開前，及時發放予董事。董事亦可向公司秘書徵詢意見及有關服務，以確保董事局程序符合有關法律、規則和法規。

二零一九年的董事局會議時間表已預先提供予董事，以便董事安排出席會議。守則要求董事局會議文件一般應在相關董事局會議召開前最少七天，發送予各董事，讓董事在董事局會議召開前能充分了解有關事宜。董事局會議文件一般載有會議議題的詳盡背景或說明資料，亦適當包括支持文件、分析、研究結果、計劃書、財政預算及預測。然而，如任何董事被認定與董事局會議的議題存在利益衝突，則該董事便不會獲發相關議題的董事局會議文件。

所有董事局會議與審計委員會會議一般都有詳盡的會議記錄，記錄內容包括會議上曾討論的事項、達成的決定、董事曾提出的問題及曾發表的不同意見。董事局會議記錄與審計委員會會議記錄均由公司秘書保管，可供任何董事查閱。然而，如有董事對任何會議議題存有利益衝突，該名董事則不會獲發亦不可查閱相關會議記錄或資料。

審計委員會

在審查年度內，審計委員會成員為：

- 陳錦榮先生，非執行董事（審計委員會主席）
（於二零一九年七月二十五日獲委任）
- 李達志先生，執行董事
（於二零一九年十月九日獲委任）
- 陳家強教授，非執行董事
- 馮婉眉女士，非執行董事
- 施文信先生，非執行董事
（於二零一九年五月十七日退任非執行董事後不再為成員）
- 余偉文先生，副主席兼執行董事
（二零一九年十月九日起不再為成員）

審計委員會負責審閱本公司的財務報表、該等報表的編製及所採納的會計準則、財務審計結果及本公司的管理程序，以確保其內部監控制度充足有效。

審計委員會定期與管理層、總內部審核師及外聘核數師舉行會議。審計委員會亦會召開臨時會議，審議需要其注意的特別事項。審計委員會主席向董事局提交報告供董事審閱，報告概述審計委員會曾進行的審閱，並重點指出任何重要事項。在二零一九年，審計委員會共舉行了兩次會議。

內部審核師

集團內部審核部獨立於管理層運作，在評核本公司的內部監控制度上擔當重要角色。總內部審核師領導集團內部審核部，直接向審計委員會主席匯報與本公司內部監控有關的一切事宜，亦同時向總裁匯報集團內部審核部的日常行政事宜。總內部審核師可以毋須知會管理層，與審計委員會主席直接溝通。

審計委員會每年均會正式審批由總內部審核師根據其獨立風險評估並按照其對營運風險管理委員會與企業風險管理委員會會議曾討論的相關風險管理議題的觀察結果所編製的年度內部審核工作計劃。集團內部審核部依照年度內部審核工作計劃，採用以風險為本的審計方法，獨立審核本公司的內部監控制度。每次審核後，集團內部審核部會與相關部門主管、高級管理層和執行董事討論審核結果及建議。內部審核報告會呈交審計委員會審閱，然後再呈報董事局。

一直以來，管理層都積極考慮總內部審核師所提出的審計結果及建議，並密切監督有關建議的實施。

外聘核數師

本公司的外聘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。核數師可隨時與總內部審核師及審計委員會溝通。為確保核數師對本公司的獨立性，核數師會根據香港會計師公會的《國際職業會計師道德守則》第290節的要求，每年致函審計委員會，確認其身份獨立。為審核本公司截至二零一九年十二月三十一日年度的財務報表，羅兵咸永道會計師事務所已向審計委員會確認其身份獨立。

財務匯報

本公司致力向持份者與公眾人士，就業績表現、財務狀況和前景提供清晰、持平及全面的評估。董事負責編製財務報表，核數師就其匯報責任於該等財務報表的獨立核數師報告中作出聲明。董事要確保所編製的財務報表真實及公平地反映本公司的財政狀況。本公司的全年及中期業績會在相關時期結束後及時公佈。

內部監控

董事局對本公司的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是否足夠和有效作出定期檢討。

透過成立多個不同委員會，以確保本公司有營運效率及審慎風險管理。當中包括企業風險管理委員會及基建融資及證券化投資委員會，均由一位執行董事擔任主席，負責從企業整體角度監督本公司的風險；而營運風險管理委員會、信貸委員

會、交易核准委員會、資產負債管理委員會及長壽風險委員會均由總裁擔任主席。每個委員會都有清晰明確的職權範圍。有關該等委員會及本公司的風險管理架構的詳情，均載於年報內「風險管理」一節。

內部監控制度旨在提供合理保障，以避免重大的失實陳述或損失，管理營運過程失效以及追求業務目標帶來的風險，防止未經授權使用資產，妥善保存供內部使用及對外發放的會計記錄，並確保符合政策及相關法例與法規。

合規匯報

合規專組是法律顧問部的一部分，其設立是為了更集中管理監管及合規風險。

合規專組由合規總監領導，並通過首席法律顧問向總裁匯報。根據本公司的集團合規政策和集團合規手冊，合規專組主要就利益衝突、反貪污、反歧視、競爭法、私隱和個人資料保護、打擊清洗黑錢及反恐融資方面，對本公司各部門二零一九年的合規操作進行監控並提供意見。合規專組於二零一九年進行合規審核，以確保本公司各部門維持穩健的合規操作。

為支援交易，合規專組於年內負責對主要交易進行審查和簽字批核。合規專組亦舉辦培訓提高員工的合規知識。為加強員工的合規知識，合規專組為本公司不同部門及附屬公司的相關員工安排不同範疇的年度合規測驗。

行為守則

本公司要求員工遵守最高的誠信和行為標準。該等要求與相關法律責任明確載於本公司員工手冊內的行為守則(「行為守則」)。行為守則有條文特別規範員工個人利益與公司利益之間可能產生的潛在利益衝突。行為守則亦載有其他條文，以確保員工妥善地、符合道德地、公正無私地，在沒有受到任何不正當影響下執行其職務。

行為守則載於本公司的內部網站，供全體員工參閱。

員工每年均須書面確認其已經遵守行為守則。根據已收到的員工確認書，管理層認為員工於二零一九年內均已遵守行為守則，表示滿意。

溝通交流

本公司非常重視與公眾的溝通交流。本公司的年報刊載了本公司的業務策略及發展詳情。本公司的網站(www.hkmc.com.hk)適時登載本公司的新聞稿與其業務資訊。本公司亦設有熱線電話，供公眾人士查詢使用。

企業社會責任

本公司致力履行企業社會責任。自二零零八年起，為了表揚本公司對社會的貢獻及一直致力履行企業社會責任，香港社會服務聯會向本公司每年頒發「同心展關懷」標誌，而本公司現在已是第十二年參與企業社會責任工作。為嘉許關顧及重視僱員退休保障的僱主，本公司自二零一四年起每年均獲強制性公積金計劃管理局頒發「積金好僱主」獎項。

此外，本公司繼續確保所有人都能使用本公司的網站，包括有視覺或聽覺障礙等有障礙人士。

香港按證保險有限公司(「按證保險公司」)及香港年金有限公司(「年金公司」)

按證保險公司及年金公司(本公司的全資附屬公司，為根據《保險業條例》在或從香港分別經營一般保險業務及長期保險業務的獲授權保險人)的企業管治守則緊貼本公司的守則，皆載納最佳企業管治常規。年內，各該附屬公司的董事局由本公司的董事局成員及各該附屬公司的高級管理層成員組成。按證保險公司及年金公司的董事由財政司司長作為兩間附屬公司的最終擁有人委任。各附屬公司的審計委員會向本公司的審計委員會作定期匯報。

二零二零年二月，本公司的總內部審核師與年金公司的內部審核部主管對按證保險公司及年金公司各部門及專組各自就按證保險公司及年金公司二零一九年度的企業管治守則合規情況所提交的自我評估報表，進行了獨立審核。根據年內兩間附屬公司內部監控制度的審計結果及已填寫的自我評估報表，本公司總內部審核師與年金公司的內部審核部主管分別認為按證保險公司及年金公司的企業管治守則在各重大方面已經予以遵守。

結語

董事局對本公司二零一九年內的企業管治操作表示滿意。在二零二零年，本公司將按不斷的實踐經驗、監管制度變化、國際市場動向與發展，繼續檢討企業管治架構並恰當地優化該等操作，務求提升本公司的效率和有效管理以達成其使命。

董事報告

Directors' Report

香港按揭證券有限公司(「本公司」)的董事局欣然提呈其報告及本公司(就本報告而言，連同其附屬公司及附屬企業，統稱「本集團」)截至二零一九年十二月三十一日止年度經審核的綜合財務報表(「財務報表」)。

主要業務

截至二零一九年十二月三十一日止年度內，本集團的主要業務包括：

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

本公司截止二零一九年十二月三十一日的附屬公司詳情載於財務報表附註20。

The Directors (**Directors**) of The Hong Kong Mortgage Corporation Limited (**Company**) have pleasure in presenting their report together with the audited consolidated financial statements of the Company (for the purpose of this report, together with its subsidiaries and subsidiary undertakings, **Group**) for the year ended 31 December 2019 (**Financial Statements**).

Principal Activities

The principal activities of the Group in the course of the year ended 31 December 2019 were:

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

Details of subsidiaries of the Company as at 31 December 2019 are set out in Note 20 to the Financial Statements.

業務審視

1. 業務板塊

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

購買按揭貸款計劃

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

按揭保險計劃

推出按揭保險計劃，容許自置居所人士取得較高按揭成數，從而減輕其支付首期的負擔，目的是促進香港有更多自置居所。在該計劃下，本集團扮演保險公司的角色，為參與的貸款機構批出的按揭貸款，當中超出香港金融管理局規定的貸款上限部分，提供按揭保險保障，並收取保費。自一九九九年三月推出以來，該計劃的公眾認受性日益提升。二零一九年，該計劃所批核的新提取按揭貸款總額為333億港元（二零一八年：325億港元）。

Business Review

1. Business Segments

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

Mortgage Purchase Programme (MPP)

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

Mortgage Insurance Programme (MIP)

MIP is launched with the aim of promoting home ownership in Hong Kong by enabling high loan-to-value financing for homebuyers to reduce their down payment burden. Under the MIP, the Group acts as insurer to provide mortgage insurance cover for a premium on mortgage loans advanced by participating lenders in excess of the lending limits imposed by the Hong Kong Monetary Authority. Since the inception in March 1999, the MIP has gained increasing public receptiveness. In 2019, the total amount of mortgage loans drawn down under the MIP was HK\$33.3 billion (2018: HK\$32.5 billion).

安老按揭計劃

推出安老按揭計劃，旨在給予自置居所業主新的退休規劃選擇，藉此提升其退休生活素質。透過安老按揭，自置居所業主可以利用自住物業作為抵押品，從參與的貸款機構換取一筆過款項及／或於一段付款期內持續每月收取款項。在該計劃下，本集團主要擔當保險公司的角色，為參與的貸款機構所批出的安老按揭貸款，提供按揭保險保障，並收取保費。本集團一直推行重點教育活動，令安老按揭計劃的市場認受程度不斷提升。

保單逆按計劃

推出保單逆按計劃，旨在給予退休人士新的退休規劃選擇，藉此提升其退休生活質素。保單逆按計劃參考安老按揭計劃的業務模式，令借款人可動用壽險保單的身故賠償作為抵押品，從參與的貸款機構換取一筆過款項及／或於一段付款期內持續每月收取款項。在該計劃下，本集團主要擔當保險公司的角色，為參與的貸款機構所批出的保單逆按貸款，提供按揭保險保障，並收取保費。年內，本集團於各區推廣保單逆按計劃，以吸引廣大社會階層。

中小企融資擔保計劃

中小企融資擔保計劃是一個由市場主導的貸款擔保計劃，透過為參與的貸款機構所批出的企業貸款提供五至七成擔保，協助本地非上市企業（包括中小企）應付經營業務及購置設備和資產的融資需求。以政府提供信貸擔保總額最多為1,000億港元作後盾。本集團在中小企融資擔保計劃下繼續營運八成信貸擔保產品，令中小企能改善資金周轉、把握經濟機遇及提升競爭力，作為政府對中小企銀行貸款的持續支援。

Reverse Mortgage Programme (RMP)

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

Policy Reverse Mortgage Programme (PRMP)

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

SME Financing Guarantee Scheme (SFSGS)

SFSGS is a market-based loan guarantee scheme providing 50% to 70% guarantee on loans advanced by participating lenders for assisting local non-listed enterprises (including SMEs) to meet their funding needs for working capital or acquisition of equipment and assets in support of their business operations. As the Government's continued support for SME bank financing, the Group continues to operate the 80% guarantee product under the SFSGS (80% SFSGS) on the backing of the Government's total guarantee commitment up to HK\$100 billion to enable SMEs to improve liquidity, grasp economic opportunities and boost competitiveness.

於二零一九年，作為政府為協助中小企渡過經濟不景而實施的部份連串紓困措施，八成信貸擔保產品的申請期及三項於二零一八年推出的優化措施(即擔保費年率減半、調升最高貸款額及延長貸款擔保期)進一步延長至二零二二年中甸。於九月，八成信貸擔保產品推出為期一年的新優化措施，提供可續期的延遲償還本金安排，全期最長為12個月。本集團亦及時在中小企融資擔保計劃下新推出九成信貸擔保產品，協助規模較小、經營經驗尚淺的企業取得融資，申請期直至二零二二年中甸，政府為此提供信貸擔保總額最多為330億港元。

年內，本集團與參與的銀行、中小企商會及工商業商會保持密切溝通，為貸款機構員工舉辦定期和專題培訓，推廣更多積極使用中小企融資擔保計劃。

香港年金計劃

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

年內，本集團繼續在促進發展本地年金市場方面擔當重要角色。本集團加大宣傳教育力度，成功提高長壽風險管理及退休理財規劃重要性的公眾意識，促進本地年金市場的快速發展。該計劃不斷進行優化，包括提高個人保費最高上限及推行為期六個月的保費折扣推廣，更好地滿足老齡人口的需要。在二零一九年，本集團年金業務所收保費顯著增長16億港元，自二零一八年年中推出以來所收保費累計達44億港元。

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

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

HKMC Annuity Plan (Plan)

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

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

基建融資及證券化

環球基建融資市場資金缺口龐大並逐漸擴闊下，本集團在新設立的基建融資及證券化業務中，憑藉其卓越信貸評級和中長期資金融資能力，透過促進基建投融資活動，將能進一步履行其促進銀行業界長期穩定和本地債券市場發展的使命。

年內，本集團按照審慎商業原則在穩健的風險管理框架下營運基建融資及證券化新業務。

小型貸款計劃

推出小型貸款計劃，旨在以可負擔的息率提供貸款及給予輔助支援服務予有意創業、自僱或希望通過培訓、技能提升或考取專業資格自我增值的合資格人士。經董事批准，該計劃於二零一九年年底期滿並停止接受申請。

2. 市場環境

受中美貿易摩擦升溫、英國硬脫歐風險及中東地緣政局緊張等眾多因素帶來的巨大下行壓力困擾，全球經濟於二零一九年經歷同步放緩。美國經濟增長減慢，歐元區經濟輕微增長。中國內地經濟增長勢頭雖減速，但仍達增長目標。

面對多項嚴重不利外圍因素，香港經濟在二零一九年上半年已相當疲弱。受本地社會事件的嚴重打擊加重影響，經濟於下半年急劇轉差，錄得自二零零九年以來首次年度收縮。住宅物業市場在二零一九年首五個月普遍維持活躍之後自六月起一直進行整固。然而，樓價下調幅度溫和，仍與經濟基調及大眾負擔能力脫節。

Infrastructure Financing and Securitisation (IFS)

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

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

Microfinance Scheme (MFS)

MFS is launched with the aim of offering loans at affordable rates and ancillary supporting services to eligible persons who wish to start their own businesses, become self-employed or achieve self-enhancement through training, upgrading of skills or obtaining professional certification. As approved by the Directors, the MFS expired and ceased to accept application at the end of 2019.

2. Market Environment

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

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

3. 財務表現

股東應佔溢利上升至3.17億港元(二零一八年：1.27億港元)。盈利上升，主要由於本集團的年金業務基於精算假設下需要維持審慎的法定儲備因新增業務減少而下降，以及外匯基金存款投資回報增加，令會計虧損減少。然而，因為支持本集團的使命和政府的部分政策目標而需要增加投放資源，抵銷了部分盈利的增幅。因此，股東資金回報率為2.1%(二零一八年：0.9%)，而成本對收入比率則下降至58.7%(二零一八年：86%)。儘管年金業務錄得會計虧損，其內含價值約為53億港元，顯示業務長遠而言應能獲得盈利。本集團的財務表現綜合如下：

3. Financial Performance

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

	二零一九年 ⁴ 2019 ⁴	二零一八年 2018
股東應佔溢利(百萬港元)	317	127
股東資金回報率 ¹	2.1%	0.9%
成本對收入比率 ²	58.7%	86.0%
資本充足率 ³	30.2%	26.8%

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

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

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

⁴ 扣除香港年金有限公司《本公司全資附屬公司》，基於精算假設為其年金業務維持審慎法定儲備而產生的會計虧損後，二零一九年經調整的股東應佔溢利、股東資金回報率和成本對收入比率分別為4.43億港元、4.2%及41.8%(二零一八年：分別為5.15億港元、5.1%及36.7%)。

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

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

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

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

本集團二零一九年的收益表主要項目摘要如下：

- (a) 全年淨利息收入減少1,200萬港元至5.24億港元，主要由於到期及提早償還貸款使平均按揭貸款組合減少，惟有部分被年內購入的基建貸款及其他平均計息資產增加(即現金及債務投資)所抵銷；
- (b) 按揭保險淨保費收入為1.96億港元(二零一八年：2.22億港元)；
- (c) 年金業務的保險相關業績淨額(即已滿期保費淨額、申索產生淨額、已付利益、保單持有人負債變動及佣金和徵費支出的總和)錄得3.87億港元虧損(二零一八年：5.50億港元)，主要是因為基於精算假設所需而維持審慎的法定儲備，而資本及已收保費存放於外匯基金所得的投資回報則歸於其他收入項下；
- (d) 其他收入為4.65億港元(二零一八年：2.50億港元)，主要包括存放於外匯基金所得的投資收益4.65億港元(二零一八年：1.85億港元)、以公平值變動計入損益的投資收益淨額3,300萬港元(二零一八年：虧損淨額1,400萬港元)、投資股息收入2,000萬港元(二零一八年：5,900萬港元)及匯兌虧損3,800萬港元(二零一八年：1,200萬港元)；及
- (e) 經營支出為4.8億港元，較預算為少，用作支援本集團的使命及政府的若干政策。

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

- (a) net interest income for the year decreased by HK\$12 million to HK\$524 million, mainly due to the reduction of average mortgage loan portfolio as a result of loan repayment and prepayment, partially cushioned by the purchase of infrastructure loans during the year and increase in other average interest-earning assets (i.e. cash and debt investments);
- (b) net mortgage insurance premiums earned were HK\$196 million (2018: HK\$222 million);
- (c) net insurance-related results for annuity business (i.e. the sum of net premiums earned, net claims incurred, benefits paid, movement in policyholders' liabilities, and commission and levy expenses) recorded a loss of HK\$387 million (2018: HK\$550 million), mainly attributable to the prudent statutory reserves based on actuarial assumptions, whereas investment returns on capital and premiums placed with the Exchange Fund were booked to other income;
- (d) other income was HK\$465 million (2018: HK\$250 million), mainly representing investment income of HK\$465 million (2018: HK\$185 million) from placements with the Exchange Fund, net gain of HK\$33 million (2018: net loss of HK\$14 million) on investments at fair value through profit or loss, dividend income of HK\$20 million (2018: HK\$59 million) from investments, and exchange loss of HK\$38 million (2018: gain of HK\$12 million); and
- (e) operating expenses were HK\$480 million, less than budget, to support the Group's missions and the Government's certain policy initiatives.

4. 財務狀況

於二零一九年十二月三十一日，本集團的資產總值合共675億港元。本集團財務狀況的主要變動如下：

- (a) 現金及短期資金微降15億港元至279億港元；
- (b) 投資組合微升1億港元至173億港元，當中4億港元投資於分類為以公平值變化計入損益投資的交易所買賣債券基金及房地產信託投資基金、120億港元於分類為按攤銷成本投資的債務投資及49億港元於分類為以公平值變化計入其他全面收益投資的債務投資；
- (c) 外匯基金存款為129億港元，為香港按證保險有限公司（「**按證保險公司**」）及香港年金有限公司（「**年金公司**」）的資本投資及年金公司的已收保費投資；
- (d) 貸款組合錄得增加5億港元至69億港元，主要是因為購入基建貸款，惟有部分被到期及提早償還按揭貸款組合所抵銷；
- (e) 未贖回債券總額增加24億港元至397億港元；
- (f) 保險負債為65億港元（二零一八年：46億港元），主因是由年金業務所引起的保險負債增加；
- (g) 權益持有人應佔股本及儲備增加3億港元至152億港元；及
- (h) 資產負債表外的主要風險，為按揭保險計劃和安老按揭計劃所承擔的風險。本集團就按揭保險計劃及安老按揭計劃在轉移風險給核准再保險公司後所承擔的剩餘風險，分別為231億港元（二零一八年：197億港元）及112億港元（二零一八年：96億港元）。安老按揭計劃的再保險安排始於二零一九年。

4. Financial Position

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

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

5. 資本管理

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

根據指引，資本充足率的計算乃跟隨財務滙報的綜合基準，但扣除本公司受規管的附屬公司（即按證保險公司和年金公司，兩者均受保險業監管局規管的獲授權保險人，須遵守各自有關維持充足資本的法定要求）。

撇除兩間不予綜合的受規管附屬公司的投資成本後，本集團於二零一九年十二月三十一日的資本充足率保持30.2%（二零一八年十二月三十一日：26.8%）的穩健水平，遠高於指引規定的8%最低比率。於二零一九年十二月三十一日，按證保險公司和年金公司各自的償付能力充足率依次約為39倍（二零一八年十二月三十一日：42倍）及22倍（二零一八年十二月三十一日：34倍），遠高於保險業監管局分別規定不低於200%和150%的法定要求。

6. 本集團面對的主要風險及不明朗因素

本集團所面對的風險，為透過購買按揭貸款、按揭保險、商業貸款擔保、零售貸款融資與資本投資所得的貸款和投資組合產生的信貸風險。本集團亦於安老按揭及相關業務中面對利率、樓價及長壽風險，亦於年金業務中承受長壽、市場及流動資金風險。於二零一九年，本集團開始購入基建貸款，為其承受項目融資信貸風險。此外，本集團因促進業務營運亦面對市場風險，主要是利率風險及資產負債期滿錯配風險。

截至二零一九年十二月三十一日止年度內，所面對的風險與財務風險管理載列於財務報表附註3。

5. Capital Management

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

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

Excluding the investment cost of these two unconsolidated regulated subsidiaries, the CAR of the Group remained solid at 30.2% as at 31 December 2019 (31 December 2018: 26.8%), well above the minimum ratio of 8% stipulated in the Guidelines. The respective solvency ratios of the HKMCI and the HKMCA as at 31 December 2019 were about 39 times (31 December 2018: 42 times) and 22 times (31 December 2018: 34 times), well above the respective 200% and 150% minimum statutory requirements stipulated by the Insurance Authority.

6. Principal Risks and Uncertainties facing the Group

The Group is exposed to the credit risk of its loan and investment portfolios through mortgage purchase, mortgage insurance, commercial loan guarantee, funding of retail loans and capital investment. The Group is also exposed to interest rate, property price and longevity risks under the reverse mortgage and related business, and takes on longevity, market and liquidity risks under its annuity business. In 2019, the Group started to take on infrastructure loans which are exposed to project financing credit risk. Furthermore, the Group assumes market risk, mainly the interest rate risk and the asset-liability maturity mismatch risk, for facilitating the business operation.

The risk exposures and the financial risk management during the year ended 31 December 2019 are set out in Note 3 to the Financial Statements.

7. 本集團的環境政策與表現

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

8. 本集團對其有重要影響的相關法律與法規的合規情況

年內，概無與環境有關且對本集團造成重要影響的相關法律及法規。

9. 二零一九年終結後發生的、對本集團有影響的重要事件詳情

誠如二零二零至二一年度財政預算案及二零二零年四月初所公佈，作為部份逆週期措施，政府委託本集團：(a)在中小企融資擔保計劃下新推出百分百擔保特惠貸款產品，由政府提供總額最多為500億港元的信貸擔保；(b)就中小企融資擔保計劃下的八成及九成信貸擔保產品推出進一步優化措施；及(c)推出先導計劃以貸款總額最多10億港元購入定息香港住宅按揭。儘管推出中小企融資擔保計劃的新產品和優化措施及先導計劃或會增加本集團的相關營運成本，本集團在營運八成信貸擔保產品和中小企融資擔保計劃的其他新產品以及購買定息按揭先導計劃中將繼續全力支持政府。有關任何其他相關重要事件，請亦參閱財務報表附註32。

7. The Group's Environmental Policies and Performance

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

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

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

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

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

10. 本集團業務相當可能有的未來發展的揭示

本集團將繼續從事現有多元業務，並按政府委託制定新優化措施、產品及計劃，以達成其核心使命及社會目標。此外，本集團將繼續維持其審慎的預先籌措資金策略，隨時準備為有需要的本地銀行業界提供流動資金。

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

僱員

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

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

截至二零一九年十二月三十一日，本集團的固定僱員編制為327人(二零一八年：309人)，員工流失率為9.37%(二零一八年：8.92%)。

交易對手

截至二零一九年十二月三十一日，就其貸款與保險組合，本集團在購買按揭貸款計劃下，共有34間核准賣方與32間核准管理供款機構；在按揭保險計劃下，共有7間核准再保險公司；在小型貸款計劃下，共有4間非政府機構。此外，按揭保險計劃下共有20間參與的貸款機構，而安老按揭計劃則有10間，保單逆按計劃有6間，小型貸款計劃有5間，中小企融資擔保計劃有31間。年金業務方面，截至年底，年金計劃有20間代理銀行及3間轉介銀行。

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

The Group will continue with its existing multi-faceted businesses and develop new enhancements, products and schemes as commissioned by the Government to attain its core missions and social objectives. In addition, the Group will continue to maintain its prudent pre-funding strategy to stand ready to provide liquidity to the local banking sector when needed.

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

Employees

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

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

As at 31 December 2019, the permanent staff establishment of the Group was 327 (2018: 309) and the staff turnover rate was 9.37% (2018: 8.92%).

Counterparties

With respect to its loan and insurance portfolios, as at 31 December 2019, the Group maintained a panel of 34 approved sellers and 32 approved servicers under the MPP, 7 approved reinsurers under the MIP as well as 4 non-governmental organisations under the MFS. In addition, there were 20 participating lenders under the MIP, 10 under the RMP, 6 under the PRMP, 5 under the MFS and 31 under the SFGS. In relation to the annuity business, there were 20 agent banks and 3 referral banks for the Plan at the end of the year.

債券

截至二零一九年十二月三十一日止年度內，本公司透過其60億美元多種貨幣中期債券發行計劃，發行了面值總額319億港元的債券，實收款項約318億港元。本年度發行債券所得款項均用作本集團的一般營運資金。本集團債券發行與贖回活動的概要載於財務報表附註26。

股息

考慮到業務發展的資金需求，董事局建議二零一九年不宣派股息（二零一八年：無）。

董事

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

陳茂波先生 大紫荊勳賢 GBS MH JP
主席兼執行董事

余偉文先生 JP
副主席兼執行董事
(於二零一九年十月一日任命為副主席)

李達志先生 JP
執行董事 (於二零一九年十月一日獲委任)

李令翔先生 JP
執行董事兼總裁

劉怡翔先生 JP
非執行董事

陳帆先生 JP
非執行董事

林健鋒先生 GBS JP
非執行董事

Debt Securities

The Company issued notes with a total nominal value of HK\$31.9 billion under its multi-currency US\$6 Billion Medium Term Note Programme for a consideration of around HK\$31.8 billion during the year ended 31 December 2019. The proceeds of the notes issued during the year were used for the purpose of providing general working capital for the Group. A summary of the debt securities issuance and redemption activities of the Group is set out in Note 26 to the Financial Statements.

Dividend

Having considered the capital requirements for the business development, Directors recommended that no dividend be declared for 2019 (2018: Nil).

Directors

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

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

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

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

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

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

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

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

張國鈞先生 JP
非執行董事

郭榮鏗先生
非執行董事

陳家強教授 GBS JP
非執行董事

馮婉眉女士 BBS JP
非執行董事

王桂壠先生 BBS JP
非執行董事

陳錦榮先生
非執行董事 (於二零一九年五月十七日獲委任)

張亮先生
非執行董事

陳德霖先生 GBS JP
副主席兼執行董事 (於二零一九年十月一日辭任)

黃玉山教授 SBS BBS JP
非執行董事 (於二零一九年五月十七日退任)

施文信先生 GBS JP
非執行董事 (於二零一九年五月十七日退任)

黃舜芬女士 (又名趙黃舜芬女士)
非執行董事 (於二零一九年五月十七日退任)

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

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

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

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

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

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

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

Mr Leong CHEUNG
Non-Executive Director

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

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

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

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

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

除上述董事外，年內及由年終至本報告的日期間，本集團其他成員的董事局成員（或視情況而定，唯一董事）為：陳德霖先生（已辭任）、余偉文先生、李達志先生、李令翔先生、容渭樂先生、張亮先生、黃舜芬女士（又名趙黃舜芬女士）、林智遠先生、羅康平先生、林麗霞女士、劉應彬先生（已辭任）、管胡金愛女士、曹妙如女士、余煜榮先生、梁靜嫻女士、鄭文信先生、廖志強先生、鄭鑾銓先生、張少慧女士、沈施加美女士（已辭任）、盧綺霞女士（已辭任）、蔡綺文女士（亦為何小碧女士的候補董事）、何小碧女士（亦為蔡綺文女士的候補董事）、Intertrust Directors (Cayman) Limited 及金栢利秘書服務有限公司。

獲准許的彌償條文

惠及董事的獲准許的彌償條文（根據《公司條例》定義）在截至二零一九年十二月三十一日止年度內有效，且截至本報告的日期亦仍然有效。

董事於交易、安排或合約中的重大利害關係

截至二零一九年十二月三十一日止年度內，不存在亦不曾訂立本集團任何成員作為一方、對本公司業務屬重要的、且年內曾為董事的人士或其有關連實體（根據《公司條例》定義）在當中有直接或間接重大利害關係的任何交易、安排和合約。

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

Permitted Indemnity

A permitted indemnity provision (as defined in the Companies Ordinance) for the benefit of the Directors was in force during the year ended 31 December 2019 and is in force as at the date of this report.

Directors' Material Interests in Transactions, Arrangements or Contracts

At no time during the year ended 31 December 2019, there subsisted or entered into any transaction, arrangement or contract of significance in relation to the Company's business, to which any member of the Group was a party, and in which any person who was a Director at any time during the year or a connected entity (as defined in the Companies Ordinance) of any such person had, directly or indirectly, a material interest.

核數師

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

承董事局命

陳茂波
主席兼執行董事

香港
二零二零年四月二十七日

Auditor

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

On behalf of the Board of Directors

Chan Mo-po, Paul
Chairman and Executive Director

Hong Kong
27 April 2020

獨立核數師報告

Independent Auditor's Report

致香港按揭證券有限公司唯一成員

(於香港註冊成立的有限公司)

意見

我們已審計的內容

香港按揭證券有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)列載於第159至273頁的綜合財務報表，包括：

- 於二零一九年十二月三十一日的綜合財務狀況表；
- 截至該日止年度的綜合收益表；
- 截至該日止年度的綜合全面收益表；
- 截至該日止年度的綜合權益變動表；
- 截至該日止年度的綜合現金流量表；及
- 綜合財務報表附註，包括主要會計政策概要。

我們的意見

我們認為，該等綜合財務報表已根據香港會計師公會頒布的《香港財務報告準則》真實而中肯地反映了貴集團於二零一九年十二月三十一日的綜合財務狀況及其截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港《公司條例》妥為擬備。

意見的基礎

我們已根據香港會計師公會頒布的《香港審計準則》進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計綜合財務報表承擔的責任」部分中作進一步闡述。

To the Sole Member of The Hong Kong Mortgage Corporation Limited

(incorporated in Hong Kong with limited liability)

Opinion

What we have audited

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

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

Our opinion

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

Basis for Opinion

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

我們相信，我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

獨立性

根據香港會計師公會頒布的《專業會計師道德守則》(以下簡稱「守則」)，我們獨立於貴集團，並已履行守則中的其他專業道德責任。

關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本期綜合財務報表的審計最為重要的事項。這些事項是在我們審計整體綜合財務報表及出具意見時進行處理的。我們不會對這些事項提供單獨的意見。

我們在審計中識別的關鍵審計事項概述如下：

- 貸款組合的減值撥備
- 保險合約負債的計量

關鍵審計事項 Key Audit Matter

貸款組合的減值撥備 Impairment allowances on loan portfolios

參考載於綜合財務報表內附註17。

Refer to note 17 to the consolidated financial statements.

於二零一九年十二月三十一日，本集團就4,910,217,000港元的按揭貸款組合及2,019,416,000港元的非按揭貸款組合，錄得1,588,000港元的貸款減值撥備(二零一八年：分別為6,179,353,000港元、263,377,000港元及666,000港元)。

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

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

Independence

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

Key Audit Matters

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

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

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

我們的審計如何處理關鍵審計事項 How our audit addressed the Key Audit Matter

我們就管理層對於貸款組合的預期信貸虧損評估所作出的審計程序包括下列項目：

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

- 了解及評估與計量預期信貸虧損有關的內部監控；
- Understanding and evaluating the internal controls relating to the measurement of ECL;
- 對管理層就抵押品估值建立的控制之測試；
- Testing of the controls that management has established over the valuation of collateral;

關鍵審計事項 Key Audit Matter

貴集團建立預期信貸虧損模型，以估計其貸款組合的減值撥備。貴集團亦已就貸款組合的減值撥備的計量建立管治程序及監控。

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

貸款組合的減值撥備是指管理層在結算日對貸款組合內預期虧損的最佳估計。貴集團就自初始確認後信貸風險大幅增加的貸款以及不良信貸的貸款乃參考合約期內之預期信貸損失計提減值撥備。良好貸款乃參考12個月的預期信貸損失計提減值撥備。該等撥備乃基於過去事件、當前狀況以及於報告日對未來事件及經濟狀況預測的合理及可證實的資料。

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

此審計重點集中於貸款減值撥備，因為決定預期減值及其相關撥備的估算，本質上涉及管理層的重大判斷。

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

我們的審計如何處理關鍵審計事項 How our audit addressed the Key Audit Matter

- 在可行範圍內通過與各個外部獨立估值報價的比較，對抵押品估值進行獨立的樣本檢查；

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

- 對於自初始確認後信貸風險大幅增加的貸款及不良信貸的貸款，通過抽取貸款樣本，藉以評估該等貸款是否得以適時確認及測試相應的減值計算；

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

- 評估於二零一九年十二月三十一日的預期信貸虧損整體合理性。

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

我們就管理層用於計算預期減值的管理層判斷，獲取得相關憑證支持。

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

我們亦就管理層用以計算不同系列的貸款減值撥備的模型及假設，獲取得相關憑證支持。

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

**關鍵審計事項
Key Audit Matter**

**保險負債的計量
Measurement of insurance liabilities**

參考載於綜合財務報表內附註25。

Refer to note 25 to the consolidated financial statements.

香港年金有限公司(貴公司之全資附屬公司)已於二零一八年七月推出香港年金計劃,於截至二零一九年十二月三十一日止年度已簽發的保險合約之保費為16.31億港元(二零一八年:27.80億港元)。根據香港財務報告準則第4號「保險合約」及香港保險監管要求,簽發香港年金計劃下保單導致貴集團於綜合財務狀況表內確認保險合約負債。已確認負債為50.27億港元(二零一八年:32.84億港元),約佔貴集團於二零一九年十二月三十一日綜合負債總額的10%(二零一八年:7%)。

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

**我們的審計如何處理關鍵審計事項
How our audit addressed the Key Audit Matter**

我們就保險合約負債的計量所作出的審計程序包括下列項目:

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

- 評估人壽保險合約負債估值精算過程的內部控制。

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

在羅兵咸永道會計師事務所精算專家的參與下,我們對保險合約負債進行了以下程序:

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

- 評估所採用的方法是否符合香港保險監管要求;

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

關鍵審計事項 Key Audit Matter

保險合約負債的估值需要使用適當的精算方法、各種投資回報及操作假設，以上這些因素均涉及管理層的高程度判斷。因此，我們認為此屬關鍵審計事項。於資產負債表日，保單持有人未來給付的估計存在根本不確定性。用於計量與香港年金計劃相關的保險合約負債的主要假設包括估值利率及死亡率。

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

我們的審計如何處理關鍵審計事項 How our audit addressed the Key Audit Matter

- 評估所使用的主要假設(包括估值利率及死亡率)的合理性，以及管理層所作判斷的根據；及

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

- 評估保險合約負債整體的合理性。

Evaluating the overall reasonableness of the insurance contract liabilities.

根據已完成的工作，我們認為保險合約負債估值所用的主要假設及方法均屬恰當。

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

其他信息

貴公司董事須對其他信息負責。其他信息包括年報內的所有信息，但不包括綜合財務報表及我們的核數師報告。

我們對綜合財務報表的意見並不涵蓋其他信息，我們亦不對該等其他信息發表任何形式的鑒證結論。

結合我們對綜合財務報表的審計，我們的責任是閱讀其他信息，在此過程中，考慮其他信息是否與綜合財務報表或我們在審計過程中所了解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。

基於我們已執行的工作，如果我們認為其他信息存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

Other Information

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

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

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

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

董事及審計委員會就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒布的《香港財務報告準則》及香港《公司條例》擬備真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在擬備綜合財務報表時，董事負責評估 貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將 貴集團清盤或停止經營，或別無其他實際的替代方案。

審計委員會須負責監督 貴集團的財務報告過程。

核數師就審計綜合財務報表承擔的責任

我們的目標，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們僅按照香港《公司條例》第405條向閣下（作為整體）報告我們的意見，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責或承擔任何責任。合理保證是高水平的保證，但不能保證按照《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或匯總起來可能影響綜合財務報表使用者依賴綜合財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

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

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

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

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

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

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

在根據《香港審計準則》進行審計的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別和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，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對 貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對 貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提醒使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致 貴集團不能持續經營。
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映交易和事項。
- 就 貴集團內實體或業務活動的財務信息獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。我們負責 貴集團審計的方向、監督和執行。我們為審計意見承擔全部責任。

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

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

除其他事項外，我們與審計委員會溝通了計劃的審計範圍、時間安排、重大審計發現等，包括我們在審計中識別出內部控制的任何重大缺陷。

從與審計委員會溝通的事項中，我們確定哪些事項對本期綜合財務報表的審計最為重要，因而構成關鍵審計事項。我們在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們決定不應在報告中溝通該事項。

羅兵咸永道會計師事務所
執業會計師

香港，二零二零年四月二十七日

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

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 April 2020

綜合收益表

Consolidated Income Statement

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

		附註 Notes	2019 千港元 HK\$'000	2018 千港元 HK\$'000
利息收入	Interest income	6	1,470,479	1,229,710
利息支出	Interest expense	7	(946,488)	(693,501)
淨利息收入	Net interest income		523,991	536,209
已滿期保費淨額	Net premiums earned	8	1,987,650	3,157,652
其他收入	Other income	9	465,397	249,633
經營收入總額	Total operating income		2,977,038	3,943,494
申索產生淨額、已付利益及保單持有人負債變動	Net claims incurred, benefits paid and movement in policyholders' liabilities	8	(2,021,558)	(3,321,037)
佣金支出淨額及徵費支出	Net commission and levy expenses	8	(138,361)	(142,991)
經營支出	Operating expenses	10	(479,651)	(412,388)
未計減值前的經營溢利	Operating profit before impairment		337,468	67,078
減值撥備	Charge of impairment allowances	12	(934)	(134)
除稅前溢利	Profit before taxation		336,534	66,944
稅項	Taxation	13(a)	(19,073)	59,614
本年度溢利	Profit for the year		317,461	126,558

第165至273頁所載附註為綜合財務報表的一部分。 The notes on pages 165 to 273 are an integral part of these consolidated financial statements.

綜合全面收益表

Consolidated Statement of Comprehensive Income

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

		附註 Note	2019 千港元 HK\$'000	2018 千港元 HK\$'000
本年度溢利	Profit for the year		317,461	126,558
其他全面收益：	Other comprehensive income:			
其後可能重新分類至損益 的項目：	Items that are or may be reclassified subsequently to profit or loss:			
以公平值變化計入其他全面收益 的債務工具：	Debt instruments at fair value through other comprehensive income			
— 公平值變動淨額	— change in the fair value, net		27,311	(7,182)
— 虧損撥備變動淨額	— change in the loss allowance, net	12	(46)	14
本年度其他全面收益／(虧損)， 已扣除稅項	Other comprehensive income/(loss) for the year, net of tax		27,265	(7,168)
本年度全面收益總額	Total comprehensive income for the year		344,726	119,390

第165至273頁所載附註為綜合財務報表的一部分。

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

綜合財務狀況表

Consolidated Statement of Financial Position

於二零一九年十二月三十一日
as at 31 December 2019

		附註 Notes	2019 千港元 HK\$'000	2018 千港元 HK\$'000
資產	ASSETS			
現金及短期資金	Cash and short-term funds	14	27,908,184	29,390,855
應收利息及匯款	Interest and remittance receivables	15	518,691	437,919
衍生金融工具	Derivative financial instruments	16	200,702	161,047
貸款組合淨額	Loan portfolio, net	17	6,928,045	6,442,064
證券投資：	Investment securities:			
— 以公平值變化計入其他 全面收益	— fair value through other comprehensive income	18(a)	4,920,402	5,091,664
— 以公平值變化計入損益	— fair value through profit or loss	18(b)	378,803	543,612
— 按攤銷成本列帳	— amortised cost	18(c)	12,034,506	11,546,833
外匯基金存款	Placements with the Exchange Fund	19	12,881,627	7,734,934
預付款項、按金及其他資產	Prepayments, deposits and other assets	21	1,337,349	829,491
遞延稅項資產	Deferred tax assets	13(b)	79,170	77,866
再保險資產	Reinsurance assets	25	208,991	171,518
固定資產	Fixed assets	22	109,864	53,766
資產總額	Total assets		67,506,334	62,481,569
負債	LIABILITIES			
應付利息	Interest payable	23	372,874	257,468
應付帳項、應付開支 及其他負債	Accounts payable, accrued expenses and other liabilities	24	5,261,217	5,061,679
衍生金融工具	Derivative financial instruments	16	299,935	264,386
當期稅項負債	Current tax liabilities	13(b)	123,115	104,077
保險負債	Insurance liabilities	25	6,501,639	4,607,373
已發行債務證券	Debt securities issued	26	39,710,963	37,292,877
負債總額	Total liabilities		52,269,743	47,587,860
權益	EQUITY			
權益持有人應佔股本 及儲備：	Capital and reserves attributable to the equity holder:			
股本	Share capital	27	7,000,000	7,000,000
保留溢利	Retained profits		6,553,108	6,263,342
風險儲備	Contingency reserve		1,658,669	1,632,818
公平值儲備	Fair value reserve		24,814	(2,451)
權益總額	Total equity		15,236,591	14,893,709
負債及權益總額	Total liabilities and equity		67,506,334	62,481,569

董事局已於二零二零年四月二十七日批准及授權刊行。

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

余偉文
副主席兼執行董事

Eddie W. M. Yue
Deputy Chairman and Executive Director

李令翔
執行董事兼總裁

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

第165至273頁所載附註為綜合財務報表的一部分。

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

綜合權益變動表

Consolidated Statement of Changes in Equity

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

		股本 Share capital 千港元 HK\$'000	保留溢利 Retained profits 千港元 HK\$'000	風險儲備 Contingency reserve 千港元 HK\$'000	公平值儲備 Fair value reserve 千港元 HK\$'000	總額 Total 千港元 HK\$'000
於二零一八年一月一日結餘	Balance as at 1 January 2018	2,000,000	6,089,765	1,679,837	4,717	9,774,319
本年度溢利	Profit for the year	-	126,558	-	-	126,558
其他全面收益	Other comprehensive income	-	-	-	(7,168)	(7,168)
本年度全面收益總額	Total comprehensive income for the year	-	126,558	-	(7,168)	119,390
注資(附註27)	Capital injection (Note 27)	5,000,000	-	-	-	5,000,000
由保留溢利撥入已滿期風險保費淨額的50%或75%至風險儲備	Transfer of 50% or 75% of net risk premium earned from retained profits to contingency reserve	-	(209,261)	209,261	-	-
由風險儲備撥回至保留溢利	Release of contingency reserve to retained profits	-	256,280	(256,280)	-	-
於二零一八年十二月三十一日結餘	Balance as at 31 December 2018	7,000,000	6,263,342	1,632,818	(2,451)	14,893,709
採納香港財務報告準則第16號的變動(附註2.1)	Changes on adoption of HKFRS 16 (Note 2.1)	-	(1,844)	-	-	(1,844)
於二零一九年一月一日經重列結餘	Restated balance as at 1 January 2019	7,000,000	6,261,498	1,632,818	(2,451)	14,891,865
本年度溢利	Profit for the year	-	317,461	-	-	317,461
其他全面收益	Other comprehensive income	-	-	-	27,265	27,265
本年度全面收益總額	Total comprehensive income for the year	-	317,461	-	27,265	344,726
由保留溢利撥入已滿期風險保費淨額的50%或75%至風險儲備	Transfer of 50% or 75% of net risk premium earned from retained profits to contingency reserve	-	(189,875)	189,875	-	-
由風險儲備撥回至保留溢利	Release of contingency reserve to retained profits	-	164,024	(164,024)	-	-
於二零一九年十二月三十一日結餘	Balance as at 31 December 2019	7,000,000	6,553,108	1,658,669	24,814	15,236,591

第165至273頁所載附註為綜合財務報表的一部分。

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

綜合現金流量表

Consolidated Statement of Cash Flows

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

	附註 Notes	2019 千港元 HK\$'000	2018 千港元 HK\$'000
經營業務之現金流量			
經營溢利		336,534	66,944
就以下各項作出的調整：	Adjustment for:		
利息收入	Interest income	(1,476,616)	(1,243,385)
利息支出	Interest expense	881,654	632,864
股息收入	Dividend income	(20,019)	(58,626)
來自外匯基金存款的收益	Income from placements with the Exchange Fund	(464,693)	(184,934)
折舊	Depreciation	81,037	19,371
已發行債務證券折讓攤銷	Amortisation of discount on debt securities issued	64,834	60,637
減值撥備	Charge of impairment allowances	934	134
證券投資溢價攤銷	Amortisation of premium on investment securities	6,137	13,675
以公平值變化計入損益的投資(收益)/虧損淨額	Net (gain)/loss on investments at fair value through profit or loss	(33,037)	13,500
金融工具公平值變動	Change in fair value of financial instruments	(7,372)	(10,947)
出售以公平值變化計入其他全面收益的投資收益淨額	Net gain on disposal of investment at fair value through other comprehensive income	(75)	–
出售按攤銷成本列帳的投資收益淨額	Net gain on disposal of investment at amortised cost	–	(192)
出售固定資產的虧損	Loss on disposal of fixed assets	510	–
已收利息	Interest received	1,381,156	1,148,331
已付利息	Interest paid	(766,248)	(567,529)
未計經營資產及負債變動前經營業務所得現金流量	Cash flows from operating activities before changes in operating assets and liabilities	(15,264)	(110,157)
原到期日超過三個月的定期存款變動	Change in time deposits with original maturity of more than three months	(1,338,000)	(4,422,000)
應收匯款變動	Change in remittance receivables	14,688	1,113
預付款項、按金及其他資產變動	Change in prepayments, deposits and other assets	(510,798)	(762,688)
貸款組合變動	Change in loan portfolio	(486,895)	1,387,357
應付帳項、應付開支及其他負債變動	Change in accounts payable, accrued expenses and other liabilities	152,718	(301,584)
保險負債淨額變動	Change in insurance liabilities, net	1,856,793	3,470,306
匯兌差額	Exchange differences	71,088	(11,553)
經營業務使用之現金	Cash used in operation	(255,670)	(749,206)
已付稅項	Taxation paid	(1,339)	(29,817)
經營業務使用之現金淨額	Net cash used in operating activities	(257,009)	(779,023)

		附註 Notes	2019 千港元 HK\$'000	2018 千港元 HK\$'000
投資活動之現金流量	Cash flows from investing activities			
購買固定資產	Purchase of fixed assets	22	(38,337)	(38,808)
購買以公平值變化計入其他 全面收益的證券投資	Purchase of investment securities at fair value through other comprehensive income		(1,679,612)	(1,307,246)
購買以公平值變化計入損益 的證券投資	Purchase of investment securities at fair value through profit or loss		–	(16,644)
購買按攤銷成本列帳的 證券投資	Purchase of investment securities at amortised cost		(2,176,283)	(1,855,361)
出售及贖回證券投資所得 款項	Proceeds from sale and redemption of investment securities		3,675,539	3,465,235
外匯基金存款	Placements with the Exchange Fund		(4,682,000)	(7,550,000)
已收上市投資股息	Dividend received from listed investments		20,019	58,626
投資活動使用之現金淨額	Net cash used in investing activities		(4,880,674)	(7,244,198)
融資活動前現金流出淨額	Net cash outflows before financing		(5,137,683)	(8,023,221)
融資活動之現金流量	Cash flows from financing activities			
銀行借款所得款項	Proceeds from bank borrowings		25,418,080	27,467,772
償還銀行借款	Repayment of bank borrowings		(25,417,451)	(27,467,772)
發行債務證券所得款項	Proceeds from issue of debt securities	26	31,843,819	34,006,865
贖回已發行債務證券	Redemption of debt securities issued	26	(29,474,462)	(31,289,536)
租賃付款的本金部分	Principal elements of lease payments		(51,392)	–
注資所得款項	Proceeds from capital injection	27	–	5,000,000
融資活動產生之現金淨額	Net cash generated from financing activities		2,318,594	7,717,329
現金及等同現金項目 減少淨額	Net decrease in cash and cash equivalents		(2,819,089)	(305,892)
年初現金及等同現金項目	Beginning cash and cash equivalents		14,777,801	15,086,190
匯率對現金及等同現金項目 影響	Effect of exchange rates on cash and cash equivalents		(1,529)	(2,497)
年終現金及等同現金項目	Ending cash and cash equivalents	14	11,957,183	14,777,801

第165至273頁所載附註為綜合財務報表的一部分。

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

綜合財務報表附註

Notes to the Consolidated Financial Statements

1. 編製基準

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

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

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

編製符合香港財務報告準則的財務報表時，須採用若干關鍵會計估計，而管理層應用本集團會計政策時亦須自行作出判斷。涉及大量判斷或較複雜的範疇、或假設及估計對綜合財務報表屬重要的範疇，已在附註4披露。

1. Basis of preparation

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

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

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

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

2. 主要會計政策

2.1. 採納香港財務報告準則

- (a) 於二零一九年一月一日起生效的新準則及修訂

- 香港財務報告準則第16號「租賃」

香港財務報告準則第16號取代香港會計準則第17號「租賃」、香港(國際財務報告詮釋委員會)詮釋第4號「釐定安排是否包括租賃」、香港(準則詮釋委員會)詮釋第15號「經營租賃 – 優惠」及香港(準則詮釋委員會)詮釋第27號「評估涉及租賃法律形式上之實質交易」。該準則載列確認、計量、呈報及披露租賃之原則，並要求承租人將所有租賃在資產負債表模式中入帳。香港財務報告準則第16號大致沿用香港會計準則第17號內出租人之會計處理方式。出租人將繼續使用與香港會計準則第17號類似之原則將租賃歸類為經營租賃或融資租賃。

本集團自首次應用日期二零一九年一月一日起採用經修訂的追溯性採納方法採納香港財務報告準則第16號。根據追溯性應用該準則方法，於首次應用日期確認首次應用該準則的累積影響。對於首次應用日期前應用香港會計準則第17號及香港(國際財務報告詮釋委員會)詮釋第4號識別為租賃的合約，本集團選擇採用準則所允許的過渡可行權宜方法。本集團亦選擇使用豁免確認於開始日期租期為12個月或以下且不包含購買權的租賃合約(短期租賃)及相應資產價值為低的租賃合約(低價值資產租賃)。

2. Summary of significant accounting policies

2.1. Adoption of HKFRSs

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

- HKFRS 16 “Leases”

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

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

根據香港財務報告準則第16號的過渡性條文，比較數字並無重列。

於二零一九年一月一日採納香港財務報告準則第16號的影響如下：

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

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

		增加／ (減少) Increase/ (decrease) 千港元 HK\$'000
資產	Assets	
固定資產	Fixed assets	
— 使用權資產	— Right-of-use assets	105,090
— 租賃物業裝修	— Leasehold improvement	(5,782)
預付款項、按金及其他資產	Prepayments, deposits and other assets	
— 預付款項	— Prepayments	(2,940)
		96,368
負債	Liabilities	
應付帳項、應付開支及其他負債	Accounts payable, accrued expenses and other liabilities	
— 租賃負債	— Lease liabilities	97,165
— 撥備	— Provisions	1,047
		98,212
權益	Equity	
保留溢利	Retained profits	(1,844)

本集團的物業租賃合約主要為辦公室物業。於採納香港財務報告準則第16號之前，本集團(作為承租人)於開始日期將租賃分類為經營租賃。在經營租賃中，租賃物業未予資本化，租賃付款在租賃期內按直線法於損益中確認為租金支出。任何預付租金及應付租金分別在預付款項及應付開支項下確認。

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

採納香港財務報告準則第16號後，本集團對所有租賃採用單一確認及計量方法。本集團已應用該準則規定的特定過渡要求。於首次應用香港財務報告準則第16號，本集團已使用準則下允許的可行權宜方法：

- 對具有合理相似特徵的租賃組合使用單一折現率；
- 依賴過往有關租賃是否屬虧損的評估，作為審閱減值的替代方法 — 於二零一九年一月一日並無虧損合約；
- 於初始應用日期，計量使用權資產時剔除初始直接費用；及
- 當合約包含延長或終止租賃的選擇權時，根據初始應用日前選擇權的實際行使及其他最新情況確定租期。

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

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

除短期租賃及低價值資產租賃除外，本集團就此前分類為經營租賃的租賃確認使用權資產及租賃負債。確認使用權資產時的帳面值，以猶如一直應用該準則去計算，計算時於初始應用日期採用的遞增借款利率除外。租賃負債按剩餘租賃付款的現值確認，並於初始應用日期採用的遞增借款利率2.5%折現。遞增借款利率即本集團在相似經濟環境中以相似條款及條件借得相似價值資產所需支付的利率。

於二零一八年十二月三十一日披露的經營租賃承擔為1.04億港元。於二零一九年一月一日採納香港財務報告準則第16號後，已確認的使用權資產為1.05億港元，而已確認的租賃負債則為9,700萬港元。使用遞增借款利率折現的經營租賃承擔與在初始應用香港財務報告準則第16號當日於綜合財務狀況表中確認的租賃負債總額兩者的差額主要與預付租賃付款有關。

於二零一九年生效的其他準則及修訂對本集團並無重大影響。

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

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

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

(b) 已頒布但尚未生效的新準則及修訂

若干新準則及修訂於二零一九年一月一日起的年度後才開始生效，故並未在編制綜合財務報表時所採用。除了下列所述外，其餘的新準則及修訂預期不會對本集團之綜合財務報表產生重大的影響：

- 香港財務報告準則第17號「保險合約」確立一套全面的環球保險準則，其就保險合約的確認、計量、呈列及披露提供指引。該準則要求實體按現行實現價值計量保險合約負債。本集團尚未評估此項準則對其財務狀況及經營結果的全面影響。此項準則由二零二一年一月一日或以後開始的年度生效，除非實際不可行，需追溯應用及重列比較數字。然而，香港會計師公會正考慮將強制實施日期延期一年，並可能對該準則作出額外修訂。在此階段，本集團於生效日期前不計劃採納此準則。

預計沒有其他尚未生效的香港財務報告準則會對本集團產生重大影響。

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

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

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

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

2.2. 綜合帳目

綜合財務報表包括本公司及其所有附屬公司截至二零一九年十二月三十一日的財務報表。

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

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

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

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

2.2. Consolidation

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

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

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

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

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

2.3. 利息收入及支出

所有附息金融工具之利息收入及支出均採用實際利息法於收益表內確認。

實際利息法是一種計算金融資產或金融負債之攤銷成本、以及攤分有關期間之利息收入或利息支出的方法。實際利率指於金融工具之預計年期或較短時間(如適用)，將估計未來現金支出或收入準確折現至金融資產或金融負債帳面總值的利率。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，但不會計及預期信貸虧損。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。

利息收入乃對金融資產帳面總值應用實際利率計算得出，惟其後出現信貸減值的金融資產除外。對於發生信貸減值的金融資產而言，其利息收入乃對金融資產的帳面淨值(扣除虧損撥備後)應用實際利率。

2.4. 其他收入(附註2.21所述由保險與擔保合約所產生的除外)

(a) 費用收入

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

2.3. Interest income and expense

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

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

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

2.4. Other income other than those arising from insurance and guarantee contracts under Note 2.21

(a) Fee income

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

(b) 股息收入

股息收入於取得獲派股息權利時確認。

(c) 來自外匯基金存款的收益

外匯基金存款分類為「以公平值變化計入損益的金融資產」，其公平值變動於所產生年度確認為收入或虧損。

(b) Dividend income

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

(c) Income from placements with the Exchange Fund

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

2.5. 金融資產

(a) 分類

本集團將其金融資產分類為以下計量類別：

- 以公平值作後續計量（計入其他全面收益或計入損益）；及
- 按攤銷成本計量。

分類取決於公司管理金融資產的業務模式及其合約條款內的現金流量。

對於按公平值計量的資產，收益及虧損將記入損益或其他全面收益。對於債務工具的投資，則取決於持有投資的業務模式。

本集團已將外匯基金存款分類為以公平值變化計入損益的金融資產。

僅當其管理該等資產的業務模式發生變動時，本集團方會對證券投資進行重新分類。

2.5. Financial assets

(a) Classification

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

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

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

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

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

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

(b) 計量

於初始確認時，本集團按其公平值計量金融資產，如金融資產並非以公平值變化計入損益，則加上收購該金融資產的直接所引起的交易成本。以公平值變化計入損益的金融資產的交易成本於損益列作支出。

在確定含有嵌入式衍生工具的金融資產的現金流量是否僅為支付本金及利息時，將會視作整體考慮。

本集團的金融資產的後續計量取決於本集團管理資產的業務模式及資產的現金流量特徵，計量分類如下：

- 攤銷成本：為收取合約現金流量而持有的資產，而該等現金流量僅代表支付本金及利息，則按攤銷成本計量。當債務投資於後續計量為按攤銷成本計量，且並非為對沖關係的一部分，該資產於終止確認或減值時所產生的收益或虧損於損益中確認。

(b) Measurement

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

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

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

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

- 以公平值變化計入其他全面收益：為收取合約現金流量及出售金融資產而持有的資產，而該資產的現金流量僅代表支付本金及利息，則按以公平值變化計入其他全面收益計量。帳面值之變動乃透過其他全面收益確認，惟確認減值收益或虧損、利息收入及匯兌收益及虧損則於損益確認。當金融資產終止確認時，先前在其他全面收益中確認的累計收益或虧損將從權益重新分類至損益，並在其他收益或虧損中確認。
- 以公平值變化計入損益：不符合按攤銷成本或以公平值變化計入其他全面收益標準的資產，按以公平值變化計入損益計量。當投資後續計量為以公平值變化計入損益，且並非為對沖關係的一部份，其收益或虧損的產生於期間收益表中的其他收益或虧損內呈列。
- Fair value through other comprehensive income (**FVOCI**): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains or losses.
- Fair value through profit or loss (**FVPL**): Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on investment that is subsequently measured at FVPL and is not part of a hedging relationship is recognised in profit or loss and presented net in the income statement within other gains or losses in the period in which it arises.

(c) 減值

本集團以前瞻性基準評估按攤銷成本及以公平值變化計入其他全面收益列帳的資產相關的預期信貸虧損。所採用的減值方法取決於信貸風險是否顯著增加。附註3.2載列有關如何計量預期信貸虧損的更多詳情。

(c) Impairment

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

2.6. 金融負債

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

財務狀況表所列明的已發行債務證券，包括：(i)根據債務工具發行計劃發行的債券，及(ii)根據中期債券發行計劃發行的債券(中期債券)。

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

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

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

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

2.6. Financial liabilities

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

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

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

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

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

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

2.7. 確認和終止確認金融工具

證券投資於本集團購買或出售的交易日確認。貸款組合及應收款項於借款人收到現金時確認。當收取金融資產所得現金流量的權利經已屆滿，或當本集團已轉讓擁有該項資產的絕大部分風險及回報的權利，金融資產將終止確認。

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

2.8. 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價釐定，包括最近市場交易及通過使用估值方法(包括現金流量折現模型及期權定價模型)。當衍生工具的公平值為正數時，均作為資產入帳；而當公平值為負數時，則作為負債入帳。從衍生工具所產生的應收和應付利息會分別呈列於財務狀況表。

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

2.7. Recognition and de-recognition of financial instruments

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

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

2.8. Derivative financial instruments and hedge accounting

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

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

若干嵌入金融負債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：(i) 對沖已確認資產或負債或確實承擔的公平值（**公平值對沖**）；或(ii) 對沖已確認資產或負債或預期交易極有可能產生的未來現金流量（**現金流對沖**）。在符合若干條件的情況下，指定的衍生工具採納對沖會計方式處理。

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

(a) 公平值對沖

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

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

Certain derivatives embedded in financial liabilities are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: (i) hedges of the fair value of recognised assets or liabilities or firm commitments (**fair value hedge**); or, (ii) hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecast transaction (**cash flow hedge**). Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used, is amortised to income statement over the period to maturity.

(b) 現金流對沖

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

權益的累積數額將於相關對沖項目影響收益表時轉出並撥入至收益表。

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

(c) 不符合採用對沖會計方法的衍生工具

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

2.9. 對銷金融工具

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

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges are recognised in OCI and accumulated in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

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

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

(c) Derivatives not qualified as hedges for accounting purposes

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

2.9. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.10. 收回資產

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

2.11. 分類報告

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

2.12. 外幣換算

(a) 功能及呈列貨幣

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

(b) 交易及結餘

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

2.10. Repossessed assets

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

2.11. Segment reporting

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

2.12. Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (**functional currency**). The consolidated financial statements are presented in thousands of units of Hong Kong dollars (**HK\$'000**) which is the Company's functional and the Company's and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

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

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

持有以公平值變化計入損益的非貨幣金融工具的換算差額呈報為公平值損益的一部分。歸類為以公平值變化計入其他全面收益的非貨幣金融工具的換算差額計入權益內的公平值儲備。

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帳。歷史成本包括收購該等項目的直接開支。

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

Monetary items denominated in foreign currency are translated with the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

In the case of changes in the fair value of monetary assets denominated in foreign currency classified as FVOCI, a distinction is made between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount, except impairment, are recognised in OCI.

Translation differences on non-monetary financial instruments held at FVPL are reported as part of the fair value gain or loss. Translation differences on non-monetary financial instruments classified as FVOCI, are included in the fair value reserve in equity.

2.13. Fixed assets

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

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

折舊採用直線法按下列估計可使用年期將成本減剩餘價值攤銷：

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

資產的剩餘價值及可使用年期於各呈報期末檢討並於適當時調整。

出售之收益及虧損按所得款項與帳面值的差額於收益表確認。

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. 於附屬公司的投資的減值

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

2.15. 當期及遞延稅項

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

當期稅項根據呈報期末已頒布或實際頒布的稅率計算。

2.14. Impairment of investment in subsidiaries

Impairment testing of the investment in a subsidiary is required upon receiving a dividend from that subsidiary if the dividend exceeds the total comprehensive income of the subsidiary concerned in the period the dividend is declared or if the carrying amount of the subsidiary in the Company's statement of financial position exceeds the carrying amount of the subsidiary's net assets including goodwill in the consolidated statement of financial position.

2.15. Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in OCI or directly in equity. In this case, the tax is also recognised in OCI or directly in equity.

Current tax is calculated on the basis of the tax rates enacted or substantively enacted at the end of the reporting period.

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

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

直接在其他全面收益中扣除或計入與現金流對沖相關的遞延稅項，亦應直接在其他全面收益中計入或扣除，其後連同遞延盈虧在收益表中確認。

2.16. 僱員福利

(a) 僱員可享有的假期

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

僱員可享有的病假、產假及侍產假，於僱員休假時確認。

(b) 花紅計劃

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

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised where it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is provided on temporary differences arising from investment in the subsidiary, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the difference will not be reversed in the foreseeable future.

Deferred tax related to cash flow hedges, which are charged or credited directly to OCI, is also credited or charged directly to OCI and is subsequently recognised in the income statement together with the deferred gain or loss.

2.16. Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the end of each reporting period.

Employee entitlements to sick leave, maternity or paternity leave are recognised when the absence occurs.

(b) Bonus plans

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created constructive obligations.

(c) 退休金承擔

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

本集團對強制性公積金計劃及界定供款計劃的供款於產生時列作支出。

(c) Pension obligations

The Group offers a mandatory provident fund scheme and a defined contribution scheme, the assets of which are generally held in separate trustee — administered funds. These pension plans are generally funded by payments from employees and by the Group.

The Group's contributions to the mandatory provident fund scheme and defined contribution scheme are expensed as incurred.

2.17.撥備

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

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

2.17.Provisions

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

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

2.18. 租約

(a) 作為承租人

自二零一九年一月一日起適用的會計政策

(i) 使用權資產

本集團於租賃開始日期（即相關資產可供使用日期）確認使用權資產。使用權資產按成本減累計折舊及減值虧損計量，並就任何重新計量的租賃負債作出調整。使用權資產成本包括已確認租賃負債金額、已產生初始直接費用及於開始日期或之前支付之租賃付款扣減任何已收取租賃優惠。除非本集團合理確定於租賃期結束時取得租賃資產的擁有權，否則已確認使用權資產於其估計可使用年期及租賃期（以較短者為準）按直線法折舊。

倘出現令使用權資產帳面值可能無法收回的事件或變動，則對使用權資產進行減值測試。倘資產帳面值高於其可收回金額，則將差額確認為減值虧損。可收回金額為資產公平值扣減出售成本與使用價值的較高者。

2.18. Leases

(a) As a lessee

Accounting policies applicable from 1 January 2019

(i) *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

(ii) 租賃負債

於租賃開始日期，本集團按租賃期內將作出的租賃付款現值計量確認為租賃負債。租賃付款包括定額付款扣除任何應收租賃優惠。租賃付款亦包括本集團合理確定行使的購買選擇權的行使價，及在租賃期反映本集團行使終止租賃選擇權時有關終止租賃的罰款。

於計算租賃付款的現值時，倘租賃所隱含的利率不易釐定，本集團則使用租賃開始日期的遞增借款利率計算。於開始日期後，租賃負債金額的增加反映利息的累積，並會因已作出的租賃付款而減少。此外，倘出現修訂，租賃負債的帳面值將會重新計量。

(iii) 短期租賃及低價值資產租賃

本集團對自開始日期起租賃期為12個月或以下且不含購買選擇權的短期租賃應用短期租賃確認豁免，並對其認為屬低價值的資產租賃應用低價值資產租賃確認豁免。短期租賃及低價值資產租賃的租賃付款於租賃期內以直線法確認為開支。

(ii) *Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification.

(iii) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of assets that are considered as low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

於二零一九年一月一日前適用的會計政策

(i) 經營租約

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

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

(ii) 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。

Accounting policies applied prior to 1 January 2019

(i) *Operating leases*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. The Group entered into operating leases primarily as lessee. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(ii) *Finance leases*

Leases of assets where the Group has substantially all the risks and rewards of ownership are classified as finance leases. The Group entered into finance leases primarily as lessor.

(b) 作為出租人

倘本集團為出租人，其於租賃開始時釐定一項租賃為融資租賃或經營租賃。倘租賃轉移相關資產的擁有權附帶的絕大部份風險及回報，該租賃應分類為融資租賃。融資租約於租賃開始時按租賃物業公平值或最低租金現值之較低者撥作應收款項。應收款項總額與應收款項現值的差額確認為未賺取融資收入。租約收入於租期內按反映固定回報率的淨投資法確認。具有融資租約特性的租購合約按融資租約相同方式列帳。減值撥備按附註3.2所載貸款組合的會計政策列帳。

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Finance leases are capitalised as receivables at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return. Hire purchase contracts having the characteristics of a finance lease are accounted for in the same manner as finance leases. Impairment allowances are accounted for in accordance with the accounting policies for loan portfolio as set out in Note 3.2.

2.19. 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獲取之日起計三個月內到期的結餘，包括現金和銀行結餘。這些結餘是易於轉換為已知金額的現金，而其價值變動的風險不高。

2.19. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash and balances with banks that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

2.20. 財務擔保合約

財務擔保合約，本集團須根據債務工具的條款向持有人支付定額款項以補償指定欠款人未能支付到期款項所產生損失。

財務擔保合約，按附註2.21(b)所載會計政策，列帳為保險合約。

2.20. Financial guarantee contracts

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantee contracts are accounted for as insurance contracts in accordance with the accounting policies set out in Note 2.21(b).

2.21. 保險和其他擔保合約

(a) 按揭保險合約

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

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

未滿期保費為各呈報期末，估計承擔風險及提供服務所需保費淨額部分。

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

2.21. Insurance and other guarantee contracts

(a) Mortgage insurance contracts

The mortgage insurance business under the Mortgage Insurance Programme (**MIP**) of the Group is accounted for on the annual accounting basis. Under the annual accounting approach, the Group makes provisions based on credible estimates of future income and outgoings to determine the underwriting result for the current accounting period. The underwriting result includes any adjustments arising from the correction of the previous estimates.

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

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

Provisions are made for outstanding claims, claims incurred but not reported and loss reserve at the end of each reporting period. For risk-sharing business, 50% or 75% of the net risk premiums earned in a year depending on the respective product is set aside as a Contingency Reserve for a period of time in accordance with relevant regulatory guidelines and as considered appropriate by the directors. Withdrawals from the Contingency Reserve can be made to meet excess claims at any time during the period. At the end of the reporting period, the unutilised balance of the Contingency Reserve can be released to retained profits.

再保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的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金額的計量均與再保險合約相關金額及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，並攤銷作開支。

再保險資產初始確認後，倘若有客觀證據顯示，本集團可能不會收回合約條款內的全數款項，而本集團從再保險公司之收回款項亦能準確計量，則會對該再保險資產減值。

已產生的佣金在收益表內確認。

(b) 其他擔保和保險合約

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

Reinsurance contracts refer to contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more insurance contracts issued by the Group. Benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of claims recoverable from reinsurers and receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance assets are primarily premiums for reinsurance contracts and are amortised as an expense.

A reinsurance asset is impaired if there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset, that the Group may not receive all amounts due to it under the terms of the contract, and the impact on the amounts that the Group will receive from the reinsurer can be reliably measured.

Commissions are recognised in the income statement as incurred.

(b) Other guarantee and insurance contracts

The Group provides financial guarantees for loan facilities provided to eligible small and medium enterprises (**SMEs**) and non-listed enterprises, in return for a guarantee fee, insurance coverage on reverse mortgage loans and policy reverse mortgage loans provided to elderly people, and on lump-sum loans provided to owners of properties of subsidised housing schemes primarily for land premium settlement, in return for an insurance premium.

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

就安老按揭貸款保險業務而言，本集團與再保險公司訂立再保險合約。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的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，確定為再保險資產。再保險資產主要為再保險合約的保費，並攤銷作開支。

再保險資產初始確認後，倘若客觀證據顯示，本集團可能不會收回合約條款內的全數款項，而本集團從再保險公司之收回款項亦能準確計量，則會對該再保險資產減值。

50% of the guarantee fee earned and 75% of the insurance premium earned in a year is set aside as a Contingency Reserve for a period of time in accordance with relevant regulatory guidelines and as considered by directors to be appropriate. Withdrawals from the Contingency Reserve can be made to meet excess claims at any time during the period. At the end of the reporting period, the unutilised balance of the Contingency Reserve can be released to retained profits.

In respect of insurance coverage on reverse mortgage loans, the Group entered into reinsurance contract with a reinsurer. Reinsurance contracts refer to contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more insurance contracts issued by the Group. Benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. Reinsurance assets are primarily premiums for reinsurance contracts and are amortised as an expense.

A reinsurance asset is impaired if there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset, that the Group may not receive all amounts due to it under the terms of the contract, and the impact on the amounts that the Group will receive from the reinsurer can be reliably measured.

(c) 人壽保險合約

保費於從年金受益人收到現金以及保單於所有承保程序完成後簽發並生效時被確認為收入。

保險合約負債於訂立合約及確認保費時確認。該等負債乃根據《保險業(長期負債釐定)規則》的規定為長期業務使用經修訂定淨額保費估值法計算。於各呈報日，負債的變動記入收益表。

保險索賠反映年內產生的所有年金付款、退保、提取現金及身故賠償等成本。退保、提取現金及身故賠償按所收到的通知記錄。年金付款於到期時記錄。

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

2.22. 股息分配

於呈報期末後擬派或宣派的股息，當股東批准該股息時，會作為該時期的負債披露。

(c) Life insurance contracts

Premiums are recognised as income when the cash is received from the annuitant, and the policy is issued and becomes effective after the completion of all the underwriting procedures.

Insurance contract liabilities are recognised when contracts are entered into and premiums are recognised. These liabilities are measured by using the Modified Net Level Premium Valuation method for long term business in accordance with the provision of the Insurance (Determination of Long Term Liabilities) Rules. The movements in liabilities at each reporting date are recorded in the income statement.

Insurance claims reflect the cost of all annuity payments, surrenders, withdrawals and death claims arising during the year. Surrenders, withdrawals and death claims are recorded on the basis of notifications received. Annuity payments are recorded when due.

The Group will assess if its recognised liabilities are adequate on each reporting date, using the current estimates of future cash flows under these contracts. If the assessment shows that the carrying amount of its insurance liabilities are inadequate in the light of the estimated future cash flows, the shortfall shall be recognised in the income statement.

2.22. Dividend distribution

Dividend proposed or declared after the end of each reporting period is disclosed as a liability in the period in which the dividends are approved by shareholder.

3. 財務風險管理

3.1. 採用金融工具策略

本集團的主要業務為(i)購買按揭或貸款組合；(ii)透過發行債券為購買資產籌集資金；(iii)提供一個中央平台以支援小型貸款的運作；(iv)發展新設立的基建融資業務；(v)為參與的貸款機構所批出以香港住宅物業、人壽保單及其他資產(如適用)作抵押的按揭貸款及安老按揭貸款，提供按揭保險；(vi)受香港特別行政區政府(「政府」)委託經營一個為參與的認可機構借予合資格中小企及本地非上市企業的貸款提供擔保的計劃；及(vii)於或自香港提供終身年金產品。根據其性質，本集團業務主要使用金融工具包括現金、貸款、債務及衍生工具。

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

企業風險管理委員會乃於集團層面設立監督企業範圍內的風險事項(包括財務及非財務風險)。各類風險的政策及限額由本公司各管理委員會(包括基建融資及證券化投資委員會、信貸委員會、資產負債管理委員會、交易核准委員會及營運風險管理委員會)監控及定期檢討，並向企業風險管理委員會報告。

3. Financial risk management

3.1. Strategy in using financial instruments

The major activities of the Group are (i) to purchase portfolios of mortgages or loans; (ii) to raise financing for its purchase of assets through issuance of debt securities; (iii) to operate a centralised microfinance platform to support microfinance loans; (iv) to develop new business initiative on infrastructure financing; (v) to provide mortgage insurance cover in respect of mortgage loans and reverse mortgage loans originated by participating lenders and secured on residential properties in Hong Kong, life insurance policies and other assets, if applicable; (vi) to operate a scheme for the Government of the Hong Kong Special Administrative Region (**Government**) providing guarantee on loans advanced by participating AIs to eligible SMEs and local non-listed enterprises; and (vii) to offer life annuity products in or from Hong Kong. By their nature, the Group's activities are principally related to the use of financial instruments including cash, loans, debts and derivatives.

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

The Corporate Risk Management Committee is set up at group level to provide oversight of the enterprise-wide risk matters including financial and non-financial risks. The policies and limits for various risks are monitored and reviewed regularly by various management committees of the Company, including Infrastructure Financing and Securitisation Investment Committee (**IFSIC**), Credit Committee, Asset and Liability Committee (**ALCO**), Transaction Approval Committee (**TAC**) and Operational Risk Committee (**ORC**) which report to the Corporate Risk Management Committee.

基建融資及證券化投資委員會對所有基建貸款投資進行監督及審批。信貸委員會監察資產收購及小型貸款計劃的信貸政策及標準。資產負債管理委員會監察經董事局批准的市場風險管理及投資指引的執行情況。交易核准委員會負責根據最新市況及董事局批准的業務策略，深入分析業務交易的定價基礎及風險。營運風險管理委員會負責確保所有運作部門，都採取有效的營運風險及內部監控機制。該委員會也會負責就運作部門在政策、監控和管理等運作事宜發生問題時，提供指引和解決方法。倘若有審核結果涉及營運風險和內部監控，該委員會會確保盡快採取恰當的糾正措施。此外，集團內部審核部負責獨立審查本集團的內部監控系統。

本集團已成立長壽風險委員會以管理本集團所承擔的長壽風險。其職責包括批准長壽風險管理政策和對沖交易，以及檢討本集團所取得的長壽經驗及其承擔的風險。其亦監測及分析整體趨勢、科技變化及其對人類壽命的影響。

就一般保險業務而言，香港按證保險有限公司（**按證保險公司**）已成立風險委員會，其作為獨立監督委員會，負責協助其董事會監督風險管理架構的實施及管理按證保險公司所面臨的所有風險。至於香港年金有限公司（**香港年金公司**），則成立風險委員會以管理全企業的风险事宜，包括財務及非財務風險。

最重要的風險類型為信貸風險、市場風險（包括貨幣風險、利率風險及股票價格風險）、流動資金風險及保險風險。

The IFSIC executes oversight and approval authority over all investments in infrastructure loans. The Credit Committee oversees the credit policies and standards for asset acquisition and Microfinance Scheme. The ALCO oversees the implementation of market risk management and investment guidelines approved by the Board of Directors. The TAC conducts an in-depth analysis of pricing economics and associated risks for business transactions, whilst taking into consideration the latest market conditions and business strategies approved by the Board. The ORC is responsible for ensuring that all business entities and line functions maintain an effective operational risk and internal control framework. The ORC is also responsible for providing directions and resolving issues related to policies, controls and management of operational issues referred to by line functions, as well as ensuring prompt and appropriate corrective action in response to audit findings related to operational risks or internal controls. In addition, Group Internal Audit Department is responsible for the independent review of the internal control systems of the Group.

The Group established Longevity Risk Committee to manage longevity risk of the Group. Its duties include approving longevity risk management policies and hedging transactions and reviewing longevity experiences and exposures of the Group. It also monitors and analyses the general trend, technological changes and their implications for human longevity.

In respect of general insurance business, a Risk Committee is established by HKMC Insurance Limited (**HKMCI**) as an independent oversight committee to assist its Board to oversee implementation of risk management framework and manage all risks faced by the HKMCI. For HKMC Annuity Limited (**HKMCA**), a Risk Committee is established to manage the enterprise-wide risk matters, including financial and non-financial risks.

The most important types of risks are credit risk, market risk which includes currency risk, interest rate risk and equity price risk, liquidity risk and insurance risk.

3.2. 信貸風險

本集團主要金融資產為其現金及短期資金、證券投資、外匯基金存款及貸款組合。流動資金及證券投資的信貸風險有限，因為交易對手主要是主權國、半主權國機構、銀行及公司，其信貸評級須符合按照董事局批准的投資指引的最低要求。香港年金公司及按證保險公司的資本及香港年金公司保費收入存放於香港金融管理局（**香港金管局**）管理的外匯基金。由於交易對手為政府，故外匯基金存款的信貸風險非常有限。

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。因此本集團就管理信貸風險訂下審慎政策。

為維持資產組合的素質，本集團採取審慎風險管理框架：(i) 按既定準則挑選核准賣方；(ii) 採取審慎的資產購買準則；(iii) 進行有效及深入的盡職審查程序；(iv) 實行健全的項目架構及融資文件記錄；(v) 持續監察及審查制度；及(vi) 確保較高風險的資產或交易有足夠的保障。

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

3.2. Credit risk

The Group's principal financial assets are its cash and short-term funds, investment securities, placements with the Exchange Fund and loan portfolio. The credit risk on liquid funds and investment securities is limited because the credit ratings of the counterparties, mainly sovereigns, quasi-sovereign agencies, banks and companies, should meet the minimum requirement in accordance with the investment guidelines approved by the Board of Directors. The capital of the HKMCA and the HKMCI as well as premium receipts of the HKMCA are placed with the Exchange Fund managed by the Hong Kong Monetary Authority (**HKMA**). The credit risk on the placements with the Exchange Fund is very limited as it is exposure to the Government.

The Group's credit risk is primarily attributable to its loan portfolio, which is the risk that a loan borrower will be unable to pay amounts in full when due. The Group therefore has a prudent policy for managing its exposure to credit risk.

To maintain the quality of the asset portfolios, the Group adheres to a prudent risk management framework to (i) select Approved Sellers with established criteria, (ii) adopt prudent asset purchasing criteria, (iii) conduct effective and in-depth due diligence reviews, (iv) implement robust project structures and financing documentation, (v) perform an ongoing monitoring and reviewing mechanism, and (vi) ensure adequate protection for higher-risk assets or transactions.

The Group undertakes ongoing credit review with special attention paid to problem loans. Operation units will monitor these loans and take recovery action such as establishing relief plan with borrowers in order to maximise recoveries. Loan impairment assessment is performed regularly and impairment allowance is charged to income statement in accordance with the guidelines approved by the Credit Committee.

抵押品及其他信貸安排加強措施

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

貸款組合

按揭貸款組合的主要抵押品類型包括位於香港的物業及遞延代價(附註24)。至於融資租約應收帳款的抵押品類型包括的士和公共小巴牌照。按揭貸款組合和融資租約應收帳款一般有充足的抵押。目前物業抵押品的價值是以公開指數按組合基礎而確定。基建貸款組合的主要抵押品類型包括借款人資產的抵押權益及轉讓主要項目合約文件及／或銀行帳戶的押記，惟實際抵押品因應不同項目而異。至於小型貸款，一般並不尋求抵押品。

銀行定期存款、證券投資及外匯基金存款

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

Collateral and other credit enhancements

The Group has implemented guidelines on the acceptability of specific classes of collateral on credit risk mitigation, which are subject to regular review.

Loan portfolio

The principal collateral types for mortgage portfolio mainly consist of properties located in Hong Kong and the deferred consideration (Note 24). For finance lease receivable, the collateral types include taxi and public light bus licenses. Mortgage portfolio and finance lease receivable are generally fully secured by collateral. The current collateral value of properties is determined with the use of public indices on a portfolio basis. The principal collateral types for infrastructure loan portfolio mainly consist of security interests in the assets of the borrowers and assignment of key project documents and/or charge over bank accounts but the actual security varies projects to projects. For microfinance loans, no collateral is generally sought.

Time deposits with banks, investment securities and placements with the Exchange Fund

Collaterals are generally not sought for time deposits with banks as the exposures are considered to be low risk due to the nature of the counterparties and short term maturity. Investment securities and placements with the Exchange Fund are generally unsecured.

衍生金融工具

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

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

按揭保險合約、其他擔保和保險合約

詳情在附註3.5披露。

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

Derivative financial instruments

The Group enters into International Swaps and Derivatives Association master agreement with all counterparties for derivative transactions where each party will be able to settle all outstanding amounts on a net basis in the event of default of the other party. The Group also executed Credit Support Annex (**CSA**) with its major counterparties in conjunction with the master agreement. Under CSA, collateral is passed between the parties to mitigate the counterparty risk inherent in outstanding positions.

For financial instruments such as derivatives, exposures are monitored against counterparty risk limits established in accordance with the investment guidelines and credit risk policy of the Group. These counterparty risk limits are subject to regular review by the Credit Committee on an annual basis. At any one time, the amount subject to counterparty risk is limited to the current fair value of instruments favourable to the Group (i.e. assets with positive fair value), which in relation to derivatives is only a small fraction of the contract, or notional values used to express the volume of instruments outstanding. This counterparty risk exposure is managed as part of the overall credit limits with counterparties, together with potential exposures from market movements.

Mortgage insurance contracts, other guarantee and insurance contracts

The details are disclosed in Note 3.5.

Settlement risk arises in any situation where a payment in cash, securities or equities is made in the expectation of a corresponding receipt in cash, securities or equities. Daily settlement limits are established for each counterparty to cover the aggregate of all settlement risk arising from the Group's market transactions on any single day.

預期信貸虧損計量

就金融資產而言，將應用下述信貸風險模型：

本集團於初始確認資產時，評估其違約率，以及於各呈報期持續評估信貸風險是否有明顯增加。為評估信貸風險有否明顯增加，本集團將資產於呈報日的違約風險與資產於初始確認時的違約風險進行比較。評估考慮可用合理及輔助性前瞻資料，並納入下述指標：

- 外部信貸評級(盡可能取得)；
- 業務、財務或經濟狀況的實際或預期重大不利變動，而預期對借款人履行責任的能力構成重大改變；
- 相同借款人的其他金融工具的信貸風險明顯增加；
- 支持其責任的抵押品價值或第三方擔保或信貸安排加強措施的質素發生重大變動；及
- 借款人預期表現及行為的重大變動，包括該組合內借款人付款狀況變動及借款人財務狀況變動。

Expected credit loss (ECL) measurement

For financial assets, the following credit risk modelling applies:

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information with the following indicators incorporated:

- External credit rating (as far as available);
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- Significant increases in credit risk on other financial instruments of the same borrower;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the financial conditions of the borrower.

本集團採用三階段方法計量貸款組合、現金及短期資金以及按攤銷成本入帳及以公平值變化計入其他全面收益的證券投資的預期信貸虧損，金融資產自初始確認後根據信貸質素的變化按以下三個階段進行轉移：

第一階段：12個月預期信貸虧損

對於初始確認後信貸風險未顯著增加及於產生時未出現信貸減值的其預期年限信貸虧損中與未來12個月內發生的違約率相關的虧損部份被確認。

第二階段：預期年限信貸虧損 — 未發生信貸減值

對於信貸風險，自初始確認後信貸風險顯著增加但未發生信貸減值，則確認預期年限信貸虧損。

第三階段：預期年限信貸虧損 — 信貸減值

當一項或多項事件對金融資產的估計未來現金流量產生不利影響時，該資產即評估為發生信貸減值。對於發生信貸減值的金融資產，確認預期年限信貸虧損，其利息收入的計算按應用實際利率於攤銷成本(扣除減值撥備)而非帳面總值來計算。

預期信貸虧損源自不偏不倚和概率加權估計的預期虧損。預期信貸虧損的金額使用減值撥備帳確認，此帳戶中的變動計入損益表。

A three-stage approach to measuring ECLs is applied on loan portfolio, cash and short-term funds and investment securities accounted for at amortised cost and FVOCI. Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

Stage 1: 12-month ECLs

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

Stage 2: Lifetime ECLs — not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.

Stage 3: Lifetime ECLs — credit impaired

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognised and interest income is calculated by applying the effective interest rate to the amortised cost (net of impairment provision) rather than the gross carrying amount.

ECLs are derived from unbiased and probability-weighted estimates of expected loss. The amount of the ECLs is recognised using an impairment allowance account with the movement in this account charged to income statement.

於初始確認時，需要為未來12個月內可能發生的違約事件導致的預期信貸虧損(12個月預期信貸虧損)計提減值撥備。於各呈報日，本集團通過比較呈報日與初始確認日之間預期年期發生的違約風險，評估自初始確認後金融資產的信貸風險是否顯著增加。倘信貸風險大幅增加，則需要為金融資產的預期年內所有可能發生的違約事件(預期年限信貸虧損)均計提減值撥備。如在隨後的一段時間內，信貸質量得到改善並扭轉自初始確認以來任何先前評估的信貸風險顯著增加，減值撥備則將從預期年限信貸虧損恢復為12個月預期信貸虧損。

倘並無合理預期可收回，例如債務人未能與本集團訂立還款計劃，該金融資產將予以註銷。在所有必要程序基本完成並且已確定虧損金額後，貸款將予以註銷。在註銷貸款的情況下，本集團繼續進行強制執行活動以嘗試收回到期應收款項。倘收回有關款項，則在損益中確認。

應收利息及匯款、預付款項、按金及其他資產亦須遵守香港財務報告準則第9號的減值規定，而已識別減值撥備並不重大。

At initial recognition, impairment allowance is required for ECLs resulting from default events that are possible within the next 12 months (**12-month ECLs**). At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. In the event of a significant increase in credit risk, impairment allowance is required from all possible default events over the expected life of the financial assets (**Lifetime ECLs**). If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the impairment allowance reverts from lifetime ECLs to 12-month ECLs.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Loans are written off after all the necessary procedures have substantially been completed and the amount of the loss has been determined. Where loans have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Interest and remittance receivables, prepayments, deposits and other assets are also subject to the impairment requirements of HKFRS 9, and the identified impairment allowance was immaterial.

(a) 貸款組合

本集團將貸款按其信貸風險分為三類，以及如何確定各類別的貸款虧損撥備。

本集團預期信貸虧損貸款模型的假設概述如下：

(a) Loan portfolio

The Group uses three categories for loans which reflect their credit risk and how the loan loss provision is determined for each of those categories.

A summary of the assumptions underpinning the Group's ECL model on loans is as follows:

類別 Category	類別的定義 Definition of category	確認預期信貸虧損撥備的基礎 Basis for recognition of ECL provision
第一階段 Stage 1	借款人違約風險較低，並有足夠能力履行合約現金流量。 Borrowers have a low risk of default and a strong capacity to meet contractual cash flows.	12個月預期信貸虧損（如資產的預期年期少於12個月，則預期虧損按其預期年期計量。） 12-month ECLs (Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.)
第二階段 Stage 2	貸款的信貸風險大幅增加；如利息及 / 或本金還款逾期超過30天，則假定為信貸風險顯著增加。 Loans for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are more than 30 days past due.	預期年限信貸虧損—未發生信貸減值 Lifetime ECLs — not credit impaired
第三階段 Stage 3	利息及 / 或本金還款逾期90天、借款人破產或收回物業。 Interest and/or principal repayments are 90 days past due, borrowers with bankruptcy or properties repossessed.	預期年限信貸虧損—信貸減值 Lifetime ECLs — credit impaired
註銷 Write-off	並無合理預期可收回逾期利息及 / 或本金還款。 There is no reasonable expectation of recovery on the delinquent interest and/or principal repayments.	註銷資產 Asset is written off

然而，在若干情況下，本集團對所持有的任何信貸安排加強措施前，內部或外部資料顯示本集團不可能全數收取未償還合約金額時，本集團將貸款視作違約。

在貸款期限內，本集團及時為預期信貸虧損作適當撥備，以應對其信貸風險。在計算預期信貸虧損率時，本集團考慮每類貸款組合的歷史虧損率，並以前瞻性宏觀經濟數據作出調整。

下表載有已確認減值撥備的貸款組合的信貸風險分析。

However, in certain cases, the Group will also consider a loan to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any enhancements held by the Group.

Over the term of the loans, the Group accounts for its credit risk by appropriately providing for ECLs on a timely basis. In calculating the ECL rates, the Group considers historical loss rates for each category of loan portfolio, and adjusts for forward-looking macroeconomic data.

The following table contains an analysis of the credit risk exposure of loan portfolio for which impairment allowance is recognised.

		第一階段 Stage 1	第二階段 Stage 2	第三階段 Stage 3	總額 Total
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
於二零一九年十二月三十一日 As at 31 December 2019					
帳面總值	Gross carrying amount	6,917,554	8,167	3,912	6,929,633
減值撥備	Impairment allowance	(813)	-	(775)	(1,588)
帳面值	Carrying amount	6,916,741	8,167	3,137	6,928,045

		第一階段 Stage 1	第二階段 Stage 2	第三階段 Stage 3	總額 Total
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
於二零一八年十二月三十一日 As at 31 December 2018					
帳面總值	Gross carrying amount	6,435,587	1,615	5,528	6,442,730
減值撥備	Impairment allowance	(47)	(151)	(468)	(666)
帳面值	Carrying amount	6,435,540	1,464	5,060	6,442,064

於二零一九年十二月三十一日
的貸款組合減值撥備與期初減
值撥備之對帳如下：

The impairment allowance for loan portfolio as at 31
December 2019 reconciles to the opening impairment
allowance as follows:

		第一階段 Stage 1 千港元 HK\$'000	第二階段 Stage 2 千港元 HK\$'000	第三階段 Stage 3 千港元 HK\$'000	總額 Total 千港元 HK\$'000
於二零一八年一月一日 的減值撥備	Impairment allowance as at 1 January 2018	5	-	383	388
階段轉移所產生的減值計量 淨額	Net measurement of impairment arising from transfer of stage	-	485	516	1,001
因信貸風險變動而產生的變動	Movement due to changes in credit risk	42	-	-	42
收回未撇銷貸款	Recoveries of loans not written-off	-	(8)	(135)	(143)
		42	477	381	900
轉移至第三階段	Transfer to stage 3	-	(326)	326	-
註銷	Write-offs	-	-	(622)	(622)
於二零一八年十二月三十一日 的減值撥備(附註17)	Impairment allowance as at 31 December 2018 (Note 17)	47	151	468	666
已購買的貸款	Loans purchased	703	-	-	703
階段轉移所產生的減值計量 淨額	Net measurement of impairment arising from transfer of stage	-	285	491	776
因信貸風險變動而產生的變動	Movement due to changes in credit risk	63	-	-	63
收回未撇銷貸款	Recoveries of loans not written-off	-	(22)	(134)	(156)
		766	263	357	1,386
轉移至第三階段	Transfer to stage 3	-	(414)	414	-
註銷	Write-offs	-	-	(464)	(464)
於二零一九年十二月三十一日 的減值撥備(附註17)	Impairment allowance as at 31 December 2019 (Note 17)	813	-	775	1,588
貸款減值撥備	Charge of loan impairment allowance	766	263	357	1,386
收回及撥回已註銷貸款	Recoveries and release of loans previously written-off	-	-	(472)	(472)
於損益確認的減值撥備/ (回撥)總額(附註12)	Total charge/(write-back) of impairment allowance recognised in profit or loss (Note 12)	766	263	(115)	914

(b) 現金及短期資金

於二零一九年十二月三十一日的現金及短期資金減值撥備與期初減值撥備對帳如下：

(b) Cash and short-term funds

The impairment allowance for cash and short-term funds as at 31 December 2019 reconciles to the opening impairment allowance as follows:

		千港元 HK\$'000
於二零一八年一月一日的減值撥備	Impairment allowance as at 1 January 2018	1,041
期內於損益確認的減值撥備變動	Change in the impairment allowance recognised in profit or loss during the period	(95)
於二零一八年十二月三十一日的減值撥備(附註14)	Impairment allowance as at 31 December 2018 (Note 14)	946
期內於損益確認的減值撥備變動(附註12)	Change in the impairment allowance recognised in profit or loss during the period (Note 12)	53
於二零一九年十二月三十一日的減值撥備(附註14)	Impairment allowance as at 31 December 2019 (Note 14)	999

根據經批准的投資指引，本集團僅可存款於發鈔銀行或達到特定最低信貸評級的銀行。

本集團已建立一個撥備矩陣，該矩陣基於每個交易對手的外部信用評級及相應的過往信貸虧損紀錄，並根據前瞻性宏觀經濟數據進行調整，以確定減值撥備的預期信貸虧損。

鑒於所有存款銀行均獲評級機構評為投資級別，所有該等金融資產均被視為低風險，因此期內確認的減值撥備僅限於12個月預期信貸虧損。

於二零一九年十二月三十一日及二零一八年十二月三十一日，可接受的最低短期信貸評級為A-2(標準普爾)、P-2(穆迪)和F-2(惠譽)。

According to the approved investment guidelines, the Group can only place deposits with note-issuing banks or banks with a certain minimum credit rating.

The Group has established a provision matrix that is based on the external credit rating of each counterparty and the corresponding historical credit loss experience, adjusted for forward-looking macroeconomic data to determine the ECLs for impairment allowance.

All of these financial assets are considered to be low risk in view of all deposit banks are rated at investment grade by rating agencies, and thus the impairment allowance recognised during the period was limited to 12-month ECLs.

As at 31 December 2019 and 31 December 2018, the minimum acceptable short-term credit ratings are A-2 (Standard and Poor's), P-2 (Moody's) and F-2 (Fitch).

(c) 證券投資

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

根據外部信貸機構的評級（標準普爾、穆迪及惠譽），下列為呈報期末債務證券按評定級別的分析。如證券本身沒有特定的發行評級，則採用證券發行人的評級呈報。

(c) Investment securities

According to the approved investment guidelines, the Group can only invest in debt securities with a certain minimum credit rating. The proportion of investments according to rating categories is monitored and reviewed by ALCO.

The table below presents an analysis of debt securities by rating classification as at the end of the reporting period, based on external credit agency's ratings (Standard and Poor's, Moody's and Fitch). In the absence of issue-specific ratings, the ratings for the issuers are reported.

		以公平值變化計入 其他全面收益的 證券投資 Investment securities at FVOCI 千港元 HK\$'000	按攤銷成本 列帳的證券投資 Investment securities at amortised cost 千港元 HK\$'000	總額 Total 千港元 HK\$'000
於二零一九年十二月三十一日 As at 31 December 2019				
AAA/Aaa	AAA/Aaa	-	527,608	527,608
AA-至AA+/Aa3至Aa1	AA- to AA+/Aa3 to Aa1	2,797,417	2,375,913	5,173,330
A-至A+/A3至A1	A- to A+/A3 to A1	2,122,985	8,898,533	11,021,518
無評級 [#]	Unrated [#]	-	233,907	233,907
總額	Total	4,920,402	12,035,961	16,956,363

[#] 無評級的按攤銷成本列帳的證券投資是指於接近二零一九年年底被評級機構因商業理由而撤銷所有評級的債務證券。由於有關債務證券不再符合投資指引下的最低信貸評級規定，故本集團已於二零二零年一月有序地出售有關債務證券，而並無產生虧損。

[#] The unrated investment security at amortised cost referred to a debt securities where all of the credit ratings were withdrawn by the credit rating agencies close to the year-end of 2019 for commercial reasons. Since the debt securities was no longer fulfilled the minimum credit rating requirements under the investment guidelines, the Group had orderly disposed the debt securities by January 2020 without incurrance of loss.

		以公平值變化計入 其他全面收益的 證券投資 Investment securities at FVOCI 千港元 HK\$'000	按攤銷成本 列帳的證券投資 Investment securities at amortised cost 千港元 HK\$'000	總額 Total 千港元 HK\$'000
於二零一八年十二月三十一日 As at 31 December 2018				
AAA/Aaa	AAA/Aaa	30,105	711,904	742,009
AA- 至 AA+/Aa3 至 Aa1	AA- to AA+/Aa3 to Aa1	3,069,211	2,826,744	5,895,955
A- 至 A+/A3 至 A1	A- to A+/A3 to A1	1,992,348	8,009,627	10,001,975
總額	Total	5,091,664	11,548,275	16,639,939

下表載有已確認減值撥備的證券投資的信貸風險分析。

The following table contains an analysis of the credit risk exposure of investment securities for which impairment allowance is recognised.

		第一階段 Stage 1 千港元 HK\$'000	第二階段 Stage 2 千港元 HK\$'000	第三階段 Stage 3 千港元 HK\$'000	總額 Total 千港元 HK\$'000
於二零一九年十二月三十一日 As at 31 December 2019					
帳面總值	Gross carrying amount				
— 以公平值變化計入其他 全面收益	— FVOCI	4,920,402	—	—	4,920,402
— 按攤銷成本列帳	— amortised cost	12,035,961	—	—	12,035,961
減值撥備	Impairment allowance				
— 按攤銷成本列帳	— amortised cost	(1,455)	—	—	(1,455)
帳面值	Carrying amount				
— 以公平值變化計入其他 全面收益	— FVOCI	4,920,402	—	—	4,920,402
— 按攤銷成本列帳	— amortised cost	12,034,506	—	—	12,034,506
		16,954,908	—	—	16,954,908

		第一階段 Stage 1 千港元 HK\$'000	第二階段 Stage 2 千港元 HK\$'000	第三階段 Stage 3 千港元 HK\$'000	總額 Total 千港元 HK\$'000
於二零一八年十二月三十一日 As at 31 December 2018					
帳面總值	Gross carrying amount				
— 以公平值變化計入其他 全面收益	— FVOCI	5,091,664	—	—	5,091,664
— 按攤銷成本列帳	— amortised cost	11,548,275	—	—	11,548,275
減值撥備	Impairment allowance				
— 按攤銷成本列帳	— amortised cost	(1,442)	—	—	(1,442)
帳面值	Carrying amount				
— 以公平值變化計入其他 全面收益	— FVOCI	5,091,664	—	—	5,091,664
— 按攤銷成本列帳	— amortised cost	11,546,833	—	—	11,546,833
		16,638,497	—	—	16,638,497

於二零一九年十二月三十一日
的證券投資減值撥備與期初減
值撥備之對帳如下：

The impairment allowance for investment securities
as at 31 December 2019 reconciles to the opening
impairment allowance as follows:

		第一階段 Stage 1 千港元 HK\$'000	第二階段 Stage 2 千港元 HK\$'000	第三階段 Stage 3 千港元 HK\$'000	總額 Total 千港元 HK\$'000
於二零一八年一月一日的 減值撥備	Impairment allowance as at 1 January 2018				
— 以公平值變化計入其他 全面收益	— FVOCI	506	—	—	506
— 按攤銷成本列帳	— amortised cost	1,245	—	—	1,245
期內於損益確認的減值撥備 變動	Change in the impairment allowance recognised in profit or loss during the period				
— 以公平值變化計入其他 全面收益	— FVOCI	14	—	—	14
— 按攤銷成本列帳	— amortised cost	197	—	—	197
於二零一八年十二月 三十一日的減值撥備	Impairment allowance as at 31 December 2018				
— 以公平值變化計入其他 全面收益	— FVOCI	520	—	—	520
— 按攤銷成本列帳 (附註 18(c))	— amortised cost (Note 18(c))	1,442	—	—	1,442
期內於損益確認的減值撥備 變動	Change in the impairment allowance recognised in profit or loss during the period				
— 以公平值變化計入其他 全面收益	— FVOCI	(46)	—	—	(46)
— 按攤銷成本列帳	— amortised cost	13	—	—	13
於二零一九年十二月 三十一日的減值撥備	Impairment allowance as at 31 December 2019				
— 以公平值變化計入其他 全面收益	— FVOCI	474	—	—	474
— 按攤銷成本列帳 (附註 18(c))	— Amortised cost (Note 18(c))	1,455	—	—	1,455

(i) 按攤銷成本列帳的證券投資

按攤銷成本列帳的證券投資包括上市及非上市債務證券。於二零一九年十二月三十一日的按攤銷成本列帳的證券投資減值撥備與期初減值撥備對帳如下：

		千港元 HK\$'000
於二零一八年一月一日的減值撥備	Impairment allowance as at 1 January 2018	1,245
期內於損益確認的減值撥備變動	Change in the impairment allowance recognised in profit or loss during the period	197
於二零一八年十二月三十一日的減值撥備(附註18(c))	Impairment allowance as at 31 December 2018 (Note 18(c))	1,442
期內於損益確認的減值撥備變動(附註12)	Change in the impairment allowance recognised in profit or loss during the period (Note 12)	13
於二零一九年十二月三十一日的減值撥備(附註18(c))	Impairment allowance as at 31 December 2019 (Note 18(c))	1,455

本集團已建立一個撥備矩陣，該矩陣基於每個交易對手的外部信用評級及相應的過往信貸虧損紀錄，並根據前瞻性宏觀經濟數據進行調整，以確定減值撥備的預期信貸虧損。

所有按攤銷成本列帳的證券投資的信貸風險於二零一九年十二月三十一日被視為並無大幅增加，因此截至二零一九年十二月三十一日止年度確認的減值撥備僅限於12個月的預期信貸虧損。

(i) Investment securities at amortised cost

Investment securities at amortised cost include listed and unlisted debt securities. The impairment allowance on investment securities at amortised cost as at 31 December 2019 reconciles to the opening impairment allowance as follows:

The Group has established a provision matrix that is based on the external credit rating of each counterparty and the corresponding historical credit loss experience, adjusted for forward-looking macroeconomic data to determine the ECLs for impairment allowance.

All of these investment securities carried at amortised cost are considered no significant increase in credit risk as at 31 December 2019, and thus the impairment allowance recognised during the year ended 31 December 2019 was limited to 12-months ECLs.

(ii) 以公平值變化計入其他全面收益的證券投資

以公平值變化計入其他全面收益的證券投資包括上市及非上市債務證券。於二零一九年十二月三十一日的以公平值變化計入其他全面收益的證券投資減值撥備與期初減值撥備對帳如下：

(ii) Investment securities at FVOCI

Investment securities at FVOCI include listed and unlisted debt securities. The impairment allowance on investment securities at FVOCI as at 31 December 2019 reconciles to the opening impairment allowance as follows:

		千港元 HK\$'000
於二零一八年一月一日的減值撥備	Impairment allowance as at 1 January 2018	506
期內於損益確認的減值撥備變動	Change in the impairment allowance recognised in profit or loss during the period	14
於二零一八年十二月三十一日於其他全面收益確認的減值撥備	Impairment allowance recognised in OCI as at 31 December 2018	520
期內於損益確認的減值撥備變動(附註12)	Change in the impairment allowance recognised in profit or loss during the period (Note 12)	(46)
於二零一九年十二月三十一日於其他全面收益確認的減值撥備	Impairment allowance recognised in OCI as at 31 December 2019	474

本集團已建立一個撥備矩陣，該矩陣基於每個交易對手的外部信用評級及相應的過往信貸虧損紀錄，並根據前瞻性宏觀經濟數據進行調整，以確定減值撥備的預期信貸虧損。

鑒於所有以公平值變化計入其他全面收益的證券投資均獲評級機構評為投資級別，所有該等金融資產均被視為低風險，因此期內確認的減值撥備僅限於12個月的預期信貸虧損。

The Group has established a provision matrix that is based on the external credit rating of each counterparty and the corresponding historical credit loss experience, adjusted for forward-looking macroeconomic data to determine the ECLs for impairment allowance.

All of these financial assets are considered to be low risk in view of all investment securities at FVOCI are rated at investment grade by rating agencies, and thus the impairment allowance recognised during the period was limited to 12-month ECLs.

- (d) 未計所持有抵押品或其他信貸安排加強措施的最高信貸風險分析如下：

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

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

The maximum exposures to credit risk of the financial assets of the Group are equal to their gross carrying amounts. The maximum exposures to credit risk of the off-balance sheet exposures of the Group before taking into account of reinsurance arrangements are as follows:

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
風險投保總額	Total risk-in-force		
— 按揭保險業務	— mortgage insurance business	27,884,364	23,736,830
— 其他擔保及保險業務	— other guarantee and insurance business	12,510,343	9,644,703
		40,394,707	33,381,533

- (e) 減值貸款

- (e) Impaired loans

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
減值貸款組合總額	Gross impaired loan portfolio	775	468
有關墊款的貸款減值撥備	Allowance for loan impairment in respect of such advances		
— 第三階段	— stage 3	(775)	(468)
		—	—

於二零一九年十二月三十一日及二零一八年十二月三十一日，本集團概無就減值貸款持有抵押品。

There was no collateral held for impaired loans of the Group as at 31 December 2019 and 31 December 2018.

(f) 收回物業

本集團收回作為擔保的抵押品的資產。

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

(f) Repossessed properties

The Group obtained assets by taking possession of collateral held as security.

Reposessed properties are sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness and are classified in the statement of financial position within "Other assets". If excess funds arise after repayment of the outstanding indebtedness, they are distributed to the beneficiaries of the assets under the applicable laws.

3.3. 市場風險

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

3.3. Market risk

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. The Group's exposures to market risk primarily arise from the interest rate management of the entity's financial instruments of different repricing characteristics, or from the net exposure of the foreign currency denominated financial instruments. The Group hedges a major proportion of its existing interest rate risk of the fixed-rate bond issuance using fair value hedges in the form of interest rate swaps by swapping into floating-rate funding to better match the floating-rate assets. The Group also hedges the net exposure of the foreign-currency denominated debts issued and assets by the use of cross-currency swaps as fair value hedges and economic hedges respectively.

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

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。利率曲線於二零一九年十二月三十一日平行下移20個基點，將使未來12個月的利息收入淨額增加約200萬港元(二零一八年：減少100萬港元)。類似的平行上移，將使未來12個月的利息收入淨額減少約200萬港元(二零一八年：增加100萬港元)。

於二零一九年十二月三十一日，如該日利率平行下移20個基點，年內溢利將增加約900萬港元(二零一八年：減少100萬港元)，於二零一九年十二月三十一日的公平值儲備增加約1,000萬港元(二零一八年：400萬港元)。如利率平行上移20個基點，年內溢利將減少800萬港元(二零一八年：增加100萬港元)，而公平值儲備將下調約1,000萬港元(二零一八年：400萬港元)。

於二零一九年十二月三十一日，在所有其他可變因素保持不變的情況下，如港元兌美元匯率下跌100點子，年內溢利將增加約1,400萬港元(二零一八年：2,000萬港元)。反之，如港元兌美元匯率上升100點子，則年內溢利將減少約1,400萬港元(二零一八年：2,000萬港元)。

The management of market risk is principally undertaken by the Treasury Department using risk limits approved by the Board of Directors. Strategies on interest rate risk management, financing, hedging, investments are formulated by ALCO. Regular meetings are held to review the latest conditions in the financial markets and the asset-liability portfolio mix. The Treasury Department is responsible for monitoring financial market movements and executing transactions in the cash, derivatives, debt and investment markets in accordance with the strategies laid down by ALCO. The middle office monitors the compliance of risk limits and performs stress tests to assess the potential size of losses that could arise in extreme conditions. The results of the stress tests are reviewed by ALCO.

A principal part of the interest rate risk management is to monitor the sensitivity of projected net interest income under different interest rate scenarios and to mitigate the negative impact through hedging operations. A 20 basis points parallel downward shift of the interest rate curve as at 31 December 2019 would increase the future net interest income for the next twelve months by around HK\$2 million (2018: HK\$1 million decrease) and decrease by around HK\$2 million (2018: HK\$1 million increase) for a similar upward parallel shift.

As at 31 December 2019, if interest rates at that date had experienced a 20 basis points parallel shift downwards, profit for the year would have been higher by around HK\$9 million (2018: HK\$1 million lower) and the fair value reserve would have been higher by around HK\$10 million (2018: HK\$4 million) as at 31 December 2019. If interest rates had experienced a 20 basis points parallel shift upwards, profit for the year would have been lower by HK\$8 million (2018: HK\$1 million higher) and the fair value reserve would have been lower by around HK\$10 million (2018: HK\$4 million).

As at 31 December 2019, with all other variables held constant, if the Hong Kong dollars had weakened by 100 price interest points against the US dollars, profit for the year would have been around HK\$14 million higher (2018: HK\$20 million). Conversely, if the Hong Kong dollars had strengthened by 100 price interest points against the US dollars, profit for the year would have been around HK\$14 million lower (2018: HK\$20 million).

於二零一九年十二月三十一日，在所有其他可變因素保持不變的情況下，如港元兌美元以外的其他外幣匯率下跌100點子，年內溢利將增加少於10萬港元(二零一八年：100萬港元)。反之，如港元兌美元以外的其他外幣匯率上升100點子，年內溢利將減少少於10萬港元(二零一八年：100萬港元)。

於二零一九年十二月三十一日，在所有其他可變因素保持不變的情況下，如交易所買賣基金及房地產投資信託基金的價格下跌1%，年內溢利將減少約400萬港元(二零一八年：500萬港元)。反之，如交易所買賣基金和房地產投資信託基金的價格上升1%，年內溢利將增加約400萬港元(二零一八年：500萬港元)。

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

(a) 外幣風險

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

As at 31 December 2019, with all other variables held constant, if the Hong Kong dollars had weakened by 100 price interest points against foreign currencies other than US dollars, profit for the year would have been higher by less than HK\$0.1 million (2018: HK\$1 million). Conversely, if the Hong Kong dollars had strengthened by 100 price interest points against foreign currencies other than US dollars, profit for the year would have been lower by less than HK\$0.1 million (2018: HK\$1 million).

As at 31 December 2019, with all other variables held constant, if the price of exchange-traded funds and real estate investment trusts had decreased by 1%, profit for the year would have been around HK\$4 million lower (2018: HK\$5 million). Conversely, if the price of exchange-traded funds and real estate investment trusts had increased by 1%, profit for the year would have been around HK\$4 million higher (2018: HK\$5 million).

The increase or decrease represents management's assessment of a reasonably possible change in interest rates, exchange rates and equity prices for a 12-month period.

(a) Foreign currency exposure

The Group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rate on its financial position and cash flows. The Board sets allowable currencies for investment purposes. The ALCO sets limits on the currency exposure that may be undertaken, which is monitored daily. At funding side, the multi-currency feature of the MTN programme enables the Group to issue notes in major currencies, including US dollars, renminbi, Singapore dollars, British pounds, Australian dollars, euro and Japanese yen. All foreign currency-denominated debts are hedged into Hong Kong dollars.

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

The tables below summarise the Group's exposure to foreign currency exchange rate risk. Included in the tables are the assets and liabilities at carrying amounts, categorised by currency.

		港元	美元	其他外幣	總額
		HKD	USD	Other foreign currencies	Total
		千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
於二零一九年十二月三十一日 As at 31 December 2019					
資產	Assets				
現金及短期資金	Cash and short-term funds	27,618,157	280,179	9,848	27,908,184
應收利息及匯款	Interest and remittance receivables	309,931	118,975	89,785	518,691
衍生金融工具	Derivative financial instruments	200,702	-	-	200,702
貸款組合淨額	Loan portfolio, net	5,111,696	145,388	1,670,961	6,928,045
證券投資：	Investment securities:				
— 以公平值變化計入	— FVOCI				
其他全面收益		1,404,577	3,515,825	-	4,920,402
— 以公平值變化計入損益	— FVPL	369,511	9,292	-	378,803
— 按攤銷成本列帳	— amortised cost	1,989,350	10,045,156	-	12,034,506
外匯基金存款	Placements with the Exchange Fund	12,881,627	-	-	12,881,627
預付款項、按金及	Prepayments, deposits and				
其他資產	other assets	263,063	72,974	1,001,312	1,337,349
遞延稅項資產	Deferred tax assets	79,170	-	-	79,170
再保險資產	Reinsurance assets	208,991	-	-	208,991
固定資產	Fixed assets	109,864	-	-	109,864
資產總額	Total assets	50,546,639	14,187,789	2,771,906	67,506,334
負債	Liabilities				
應付利息	Interest payable	281,561	19,740	71,573	372,874
應付帳項、應付開支及	Accounts payable, accrued expenses				
其他負債	and other liabilities	5,087,577	172,606	1,034	5,261,217
衍生金融工具	Derivative financial instruments	299,935	-	-	299,935
當期稅項負債	Current tax liabilities	123,115	-	-	123,115
保險負債	Insurance liabilities	6,501,639	-	-	6,501,639
已發行債務證券	Debt securities issued	28,571,799	5,962,048*	5,177,116**	39,710,963
負債總額	Total liabilities	40,865,626	6,154,394	5,249,723	52,269,743
持倉淨額	Net position	9,681,013	8,033,395	(2,477,817)	15,236,591
資產負債表外淨名義持倉*	Off-balance sheet net notional position #	(5,655,092)	2,962,691	2,332,734	(359,667)

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

* 全數對沖為港元。

** 總額包括15億港元的澳元債務證券及36億港元的人民幣債務證券，並全數對沖為港元。

"Off-balance sheet net notional position" represents the difference between the notional amounts of foreign currency derivative financial instruments, which are principally used to reduce the Group's exposure to currency movements and their fair values.

* Fully hedged into Hong Kong dollars.

** Amounts included debt securities issued in Australian dollars of HK\$1.5 billion and renminbi of HK\$3.6 billion, fully hedged into Hong Kong dollars.

		港元 HKD 千港元 HK\$'000	美元 USD 千港元 HK\$'000	其他外幣 Other foreign currencies 千港元 HK\$'000	總額 Total 千港元 HK\$'000
於二零一八年十二月三十一日 As at 31 December 2018					
資產	Assets				
現金及短期資金	Cash and short-term funds	28,807,046	510,753	73,056	29,390,855
應收利息及匯款	Interest and remittance receivables	281,881	111,117	44,921	437,919
衍生金融工具	Derivative financial instruments	140,193	4,348	16,506	161,047
貸款組合淨額	Loan portfolio, net	6,442,064	–	–	6,442,064
證券投資：	Investment securities:				
— 以公平值變化計入	— FVOCI				
其他全面收益		1,253,359	3,838,305	–	5,091,664
— 以公平值變化計入損益	— FVPL	534,843	8,769	–	543,612
— 按攤銷成本列帳	— amortised cost	2,808,433	8,738,400	–	11,546,833
外匯基金存款	Placements with the Exchange Fund	7,734,934	–	–	7,734,934
預付款項、按金及	Prepayments, deposits and				
其他資產	other assets	689,045	140,351	95	829,491
遞延稅項資產	Deferred tax assets	77,866	–	–	77,866
再保險資產	Reinsurance assets	171,518	–	–	171,518
固定資產	Fixed assets	53,766	–	–	53,766
資產總額	Total assets	48,994,948	13,352,043	134,578	62,481,569
負債	Liabilities				
應付利息	Interest payable	217,962	10,744	28,762	257,468
應付帳項、應付開支及	Accounts payable, accrued expenses				
其他負債	and other liabilities	4,918,523	143,156	–	5,061,679
衍生金融工具	Derivative financial instruments	78,739	2,791	182,856	264,386
當期稅項負債	Current tax liabilities	104,077	–	–	104,077
保險負債	Insurance liabilities	4,607,373	–	–	4,607,373
已發行債務證券	Debt securities issued	28,199,186	5,996,683*	3,097,008**	37,292,877
負債總額	Total liabilities	38,125,860	6,153,374	3,308,626	47,587,860
持倉淨額	Net position	10,869,088	7,198,669	(3,174,048)	14,893,709
資產負債表外淨名義持倉#	Off-balance sheet net notional position #	(11,770,471)	8,532,367	2,982,048	(256,056)

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

* 全數對沖為港元。

** 總額包括15億港元的澳元債務證券及15億港元的人民幣債務證券，並全數對沖為港元。

“Off-balance sheet net notional position” represents the difference between the notional amounts of foreign currency derivative financial instruments, which are principally used to reduce the Group’s exposure to currency movements and their fair values.

* Fully hedged into Hong Kong dollars.

** Amounts included debt securities issued in Australian dollars of HK\$1.5 billion and renminbi of HK\$1.5 billion, fully hedged into Hong Kong dollars.

(b) 現金流量及公平值利率風險

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

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

(b) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The ALCO sets limits on the level of interest rate mismatch that may be undertaken, which is monitored regularly.

The tables below summarise the Group's exposure to interest rate risks. Included in the tables are the assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates. The carrying amounts of derivative financial instruments, which are principally used to reduce the Group's exposure to interest rate movements, are included under the heading "Non-interest bearing".

		一個月以上 至三個月	三個月以上 至一年	一年以上 至五年	五年以上	不計息	總額
		一個月內 Up to 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Non- interest bearing	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
於二零一九年十二月三十一日 As at 31 December 2019							
資產 Assets							
現金及短期資金	Cash and short-term funds	7,392,061	19,205,213	1,235,938	-	-	27,908,184
應收利息及匯款	Interest and remittance receivables	-	-	-	-	-	518,691
衍生金融工具	Derivative financial instruments	-	-	-	-	-	200,702
貸款組合淨額	Loan portfolio, net	6,390,510	491,030	3,769	11,116	31,620	6,928,045
證券投資：	Investment securities:						
— 以公平值變化計入	— FVOCI						
其他全面收益		-	2,785,328	1,126,045	705,725	303,304	4,920,402
— 以公平值變化計入損益	— FVPL	-	-	-	-	-	378,803
— 按攤銷成本列帳	— amortised cost	-	1,575,045	1,224,151	4,122,643	5,112,667	12,034,506
外匯基金存款	Placements with the Exchange Fund	-	-	-	-	-	12,881,627
預付款項、按金及 其他資產	Prepayments, deposits and other assets	72,853	-	-	-	-	1,264,496
遞延稅項資產	Deferred tax assets	-	-	-	-	-	79,170
再保險資產	Reinsurance assets	-	-	-	-	-	208,991
固定資產	Fixed assets	-	-	-	-	-	109,864
資產總額	Total assets	13,855,424	24,056,616	3,589,903	4,839,484	5,447,591	67,506,334
負債 Liabilities							
應付利息	Interest payable	-	-	-	-	-	372,874
應付帳項、應付開支 及其他負債	Accounts payable, accrued expenses and other liabilities	5,036,339	-	-	-	-	224,878
衍生金融工具	Derivative financial instruments	-	-	-	-	-	299,935
當期稅項負債	Current tax liabilities	-	-	-	-	-	123,115
保險負債	Insurance liabilities	-	-	-	-	-	6,501,639
已發行債務證券	Debt securities issued	3,068,218	12,156,149	12,028,149	7,589,274	4,869,173	39,710,963
負債總額	Total liabilities	8,104,557	12,156,149	12,028,149	7,589,274	4,869,173	52,269,743
利息敏感度缺口總額*	Total interest sensitivity gap*	5,750,867	11,900,467	(8,438,246)	(2,749,790)	578,418	
利率衍生工具 (持倉淨額的名義金額)	Interest rate derivatives (notional amounts of net position)	(391,432)	(4,870,641)	4,228,957	302,553	370,896	

* 未計入衍生金融工具對已發行債務證券重定息的影響。

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

		一個月內	一個月上 至三個月	三個月以上 至一年	一年以上 至五年	五年以上	不計息	總額
		Up to 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non- interest bearing	Total
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
於二零一八年十二月三十一日	As at 31 December 2018							
資產	Assets							
現金及短期資金	Cash and short-term funds	9,187,118	18,714,302	1,279,899	-	-	209,536	29,390,855
應收利息及匯款	Interest and remittance receivables	-	-	-	-	-	437,919	437,919
衍生金融工具	Derivative financial instruments	-	-	-	-	-	161,047	161,047
貸款組合淨額	Loan portfolio, net	6,400,321	22,248	7,012	10,934	1,549	-	6,442,064
證券投資：	Investment securities:							
— 以公平值變化計入	— FVOCI							
其他全面收益		851,591	3,239,436	497,458	503,179	-	-	5,091,664
— 以公平值變化計入損益	— FVPL	-	-	-	-	-	543,612	543,612
— 按攤銷成本列帳	— amortised cost	-	1,309,923	1,335,738	4,317,726	4,583,446	-	11,546,833
外匯基金存款	Placements with the Exchange Fund	-	-	-	-	-	7,734,934	7,734,934
預付款項、按金及 其他資產	Prepayments, deposits and other assets	137,483	-	-	-	-	692,008	829,491
遞延稅項資產	Deferred tax assets	-	-	-	-	-	77,866	77,866
再保險資產	Reinsurance assets	-	-	-	-	-	171,518	171,518
固定資產	Fixed assets	-	-	-	-	-	53,766	53,766
資產總額	Total assets	16,576,513	23,285,909	3,120,107	4,831,839	4,584,995	10,082,206	62,481,569
負債	Liabilities							
應付利息	Interest payable	-	-	-	-	-	257,468	257,468
應付帳項、應付開支 及其他負債	Accounts payable, accrued expenses and other liabilities	4,902,866	-	-	-	-	158,813	5,061,679
衍生金融工具	Derivative financial instruments	-	-	-	-	-	264,386	264,386
當期稅項負債	Current tax liabilities	-	-	-	-	-	104,077	104,077
保險負債	Insurance liabilities	-	-	-	-	-	4,607,373	4,607,373
已發行債務證券	Debt securities issued	5,631,318	11,495,125	8,082,087	8,468,836	3,615,511	-	37,292,877
負債總額	Total liabilities	10,534,184	11,495,125	8,082,087	8,468,836	3,615,511	5,392,117	47,587,860
利息敏感度缺口總額*	Total interest sensitivity gap*	6,042,329	11,790,784	(4,961,980)	(3,636,997)	969,484		
利率衍生工具 (持倉淨額的名義金額)	Interest rate derivatives (notional amounts of net position)	(567,144)	(6,033,612)	3,810,990	1,293,541	1,240,169		

* 未計入衍生金融工具對已發行債務證券重定息的影響。

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

3.4. 流動資金風險

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

(a) 未折現現金流量分析

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

3.4. Liquidity risk

Liquidity risk represents the risk of the Group not being able to repay its payment obligations or to fund committed purchases of loans. Liquidity risk is managed by monitoring the actual inflows and outflows of funds on a daily basis and projecting longer-term inflows and outflows of funds across a full maturity spectrum. The Group has established diversified funding sources to support the growth of its business and the maintenance of a balanced portfolio of liabilities. Sources of liquidity are regularly reviewed by ALCO.

(a) Undiscounted cash flows analysis

The tables below present cash flows payable by the Group under non-derivative financial liabilities, derivative financial liabilities that will be settled on a net basis and derivative financial instruments that will be settled on gross basis by remaining contractual maturities as at the end of the reporting period. The amounts disclosed in the tables are the projected contractual undiscounted cash flows including future interest payments on the basis of their earliest possible contractual maturity. The Group's derivatives include interest rate swaps that will be settled on net basis; cross currency swaps and currency forwards that will be settled on gross basis.

(i) 非衍生工具現金流入／(流出)

(i) Non-derivative cash inflows/(outflows)

		一個月以上 至三個月	三個月以上 至一年	一年以上 至五年	五年以上	總額
		一個月內 Up to 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years
		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
於二零一九年十二月三十一日	As at 31 December 2019					
負債	Liabilities					
應付賬項、應付開支及 其他負債	Accounts payable, accrued expenses and other liabilities					
— 租賃負債	— lease liabilities	(4,433)	(8,866)	(31,638)	(1,376)	-
已發行債務證券	Debt securities issued	388,298	(4,614,056)	(16,999,131)	(14,392,096)	(6,603,357)
		383,865	(4,622,922)	(17,030,769)	(14,393,472)	(6,603,357)
						(42,220,342)
						(42,266,655)
		一個月以上 至三個月	三個月以上 至一年	一年以上 至五年	五年以上	總額
		一個月內 Up to 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years
		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
於二零一八年十二月三十一日	As at 31 December 2018					
負債	Liabilities					
已發行債務證券	Debt securities issued	(2,179,266)	(6,272,341)	(11,778,059)	(14,558,938)	(4,517,697)
						(39,306,301)

(ii) 衍生工具現金流入／(流出)

(ii) Derivative cash inflows/(outflows)

		一個月以上 至三個月	三個月以上 至一年	一年以上 至五年	五年以上	總額
		一個月內 Up to 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years
		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
於二零一九年十二月三十一日	As at 31 December 2019					
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	(14,288)	(4,715)	54,277	22,254	(19,429)
— 總額基準	— on gross basis					
流出總額	Total outflow	(1,017,671)	(1,083,086)	(7,315,595)	(7,111,644)	(1,302,501)
流入總額	Total inflow	1,017,756	1,060,879	7,279,611	7,090,225	1,270,811
		(14,203)	(26,922)	18,293	835	(51,119)
						(73,116)

		一個月以上 至三個月	三個月以上 至一年	一年以上 至五年	五年以上	總額
		一個月內 Up to 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years
		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
於二零一八年十二月三十一日	As at 31 December 2018					
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	(6,129)	17,655	29	14,587	(29,246)
— 總額基準	— on gross basis					
流出總額	Total outflow	(785,440)	(1,808,855)	(6,528,845)	(1,512,233)	(1,503,110)
流入總額	Total inflow	782,570	1,801,737	6,574,167	1,571,487	1,328,637
		(8,999)	10,537	45,351	73,841	(203,719)
						(82,989)

(b) 到期日分析

下表根據呈報期末至合約到期日剩餘期間，分析有關資產及負債到期組別。

(b) Maturity analysis

The table below analyses the assets and liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

		即時到期	一個月內	一個月以上 至三個月	三個月以上 至一年	一年以上 至五年	五年以上	無限期	總額
		Repayable on demand	Up to 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Undated	Total
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
於二零一九年十二月三十一日	As at 31 December 2019								
資產	Assets								
現金及短期資金(總額)	Cash and short-term funds (gross)	74,244	7,392,939	19,206,000	1,236,000	-	-	-	27,909,183
貸款組合	Loan portfolio	1,081	48,631	109,831	465,280	2,829,037	3,432,242	43,531	6,929,633
證券投資	Investment securities								
— 以公平值變化計入	— FVOCI								
其他全面收益		-	-	455,954	685,001	3,476,143	303,304	-	4,920,402
— 以公平值變化計入損益	— FVPL	-	-	-	-	-	-	378,803	378,803
— 按攤銷成本列帳(總額)	— amortised cost (gross)	-	-	569,967	2,229,362	4,123,244	5,113,388	-	12,035,961
外匯基金存款	Placements with the Exchange Fund	-	-	-	-	-	12,881,627	-	12,881,627
再保險資產	Reinsurance assets	-	-	-	-	-	-	208,991	208,991
		75,325	7,441,570	20,341,752	4,615,643	10,428,424	21,730,561	631,325	65,264,600
負債	Liabilities								
保險負債	Insurance liabilities	-	32,808	63,140	276,808	1,288,506	3,366,221	1,474,156	6,501,639
已發行債務證券	Debt securities issued	-	526,886	4,393,081	16,463,199	13,458,624	4,869,173	-	39,710,963
		-	559,694	4,456,221	16,740,007	14,747,130	8,235,394	1,474,156	46,212,602
於二零一八年十二月三十一日	As at 31 December 2018								
資產	Assets								
現金及短期資金(總額)	Cash and short-term funds (gross)	196,590	9,200,211	18,715,000	1,280,000	-	-	-	29,391,801
貸款組合	Loan portfolio	2,195	44,596	123,539	460,888	2,109,440	3,694,490	7,582	6,442,730
證券投資	Investment securities								
— 以公平值變化計入	— FVOCI								
其他全面收益		-	27,780	191,143	1,627,876	3,244,865	-	-	5,091,664
— 以公平值變化計入損益	— FVPL	-	-	-	-	-	-	543,612	543,612
— 按攤銷成本列帳(總額)	— amortised cost (gross)	-	-	300,000	1,335,810	5,328,313	4,584,152	-	11,548,275
外匯基金存款	Placements with the Exchange Fund	-	-	-	-	-	7,734,934	-	7,734,934
再保險資產	Reinsurance assets	-	-	-	-	-	-	171,518	171,518
		198,785	9,272,587	19,329,682	4,704,574	10,682,618	16,013,576	722,712	60,924,534
負債	Liabilities								
保險負債	Insurance liabilities	-	20,357	40,386	176,995	824,770	2,222,021	1,322,844	4,607,373
已發行債務證券	Debt securities issued	-	2,592,186	6,110,063	11,307,930	13,667,187	3,615,511	-	37,292,877
		-	2,612,543	6,150,449	11,484,925	14,491,957	5,837,532	1,322,844	41,900,250

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

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

3.5. 保險風險

本集團透過其一般保險業務附屬公司提供按揭保險，為參與的貸款機構就所承造香港住宅物業貸款之信貸虧損風險提供最高可達40%的保險額，惟批出貸款時貸款額與物業價值比率為90%或以下，或按當時所指定的其他限制。本集團亦就參與的認可機構給予香港的中小企及非上市企業的貸款，提供高達50%–70%的財務擔保保障；以及就參與的貸款機構給予以住宅物業、人壽保單及其他資產(如適用)作為擔保的安老按揭，提供保險保障。

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

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

Apart from the above, interest and remittance receivables, prepayments and other assets, interest payable, accounts payable, accrued expenses and current tax liabilities are expected to be recovered or settled within twelve months from the reporting date. Other assets and liabilities included in the consolidated statement of financial position are expected to be recovered or settled in a period more than twelve months after the reporting date.

In addition, the Exchange Fund has committed to providing the Group with a HK\$30 billion revolving credit under the Revolving Credit Facility, which enables the Group to maintain smooth operation under exceptional circumstances, so that it can better fulfil its mandate to promote banking and financial stability in Hong Kong.

3.5. Insurance risk

Through its general insurance subsidiary, the Group provides the mortgage insurance cover to participating lenders for first credit losses of up to 40% of the property value of a residential mortgage loan in Hong Kong with loan-to-value ratio 90% or below at origination, or other thresholds as specified from time to time. The Group also provides financial guarantee cover to participating AIs up to 50%–70% of the banking facilities granted to SMEs and non-listed enterprises in Hong Kong, and insurance cover in respect of reverse mortgage loans originated by participating lenders and secured on residential properties, life insurance policies and, if applicable, other assets.

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

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

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

本集團採納一套審慎的保險承保資格準則管理有關風險。為確保預留充足撥備應付未來索償付款，本集團以審慎負債估值假設及按監管指引內規定的方法計算技術儲備。本集團亦向核准再保險公司按比例投保攤分再保險，致力減少按揭保險業務及安老按揭業務所面對的風險。本集團進行綜合評估，包括按核准篩選架構，評估再保險公司的財政實力及信貸評級。本集團會定期檢討核准再保險公司。至於就本集團透過其一般保險業務附屬公司提供給參與的貸款機構的財務擔保保障，本集團依賴貸款人審慎評估借款人的信貸，從而減低拖欠風險；任何貸款安排導致的損失將在平等基礎上由本集團與貸款人按比例攤分，藉以減低道德風險。安老按揭貸款假設的死亡率會定期作出檢討，以評估營運時實際和預期結果的較大偏差所導致的風險。

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Group has developed a business strategy to diversify the type of insurance risks accepted and within each of the key categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

The frequency and severity of claims can be affected by several factors. The most significant are a downturn of the economy, a slump in the local property market and a low mortality rate of borrowers. Economic downturn, which may cause a rise in defaulted payment, affects the frequency of claims and collateral value. A drop in property prices, where the collateral value falls below the outstanding balance of the mortgage loan, will increase the severity of claims. Low mortality rate of reverse mortgage borrowers means longer payout period and larger loan balance will be over time. This will affect the frequency and severity of claims as there is a risk of the property value insufficient to cover the outstanding loan balance in the future.

The Group manages these risks by adopting a set of prudent insurance underwriting eligibility criteria. To ensure sufficient provision is set aside for meeting future claim payments, the Group calculates technical reserves on prudent liability valuation assumptions and the method prescribed in the regulatory guidelines. The Group also takes out quota-share reinsurance from its approved mortgage reinsurers in an effort to limit its risk exposure under the mortgage insurance business and reverse mortgage business. The Group conducts comprehensive assessment including the financial strength and credit ratings of the reinsurers in accordance with the approved selection framework. The approved mortgage reinsurers are subject to periodic reviews. For financial guarantee cover provided to participating lenders via its general insurance subsidiary, the Group relies on the lenders' prudent credit assessment on the borrowers to mitigate default risk and any loss in the loan facility will be shared proportionately between the Group and the lender on a pari passu basis to minimise moral hazards. The mortality assumptions of reverse mortgages are also reviewed on a regular basis, to assess the risk of larger deviation between the actual and expected operating results.

本集團透過其人壽保險附屬公司向個人客戶提供年金產品。保險風險源於對承保保單及定價所產生的風險的不準確評估。主要的保險風險為長壽風險，此乃因年金受益人的實際壽命超過預期壽命的可能性而產生。本集團透過採用一系列的審慎假設及定期進行經驗研究以管理保險風險。年金產品固有的資產負債錯配風險是由於資產波動、不確定的年金負債、現金流量錯配以及資產與負債之間的貨幣錯配。為減輕此類風險，本集團積極監控表現，並致力維持對資產配置的控制。

一般保險附屬公司及人壽保險附屬公司均須受保險業監管局監管，並須遵守保險業監管局所訂明的有關合規要求。

於二零一九年十二月三十一日，如一般保險業務的綜合比率增加1%，則年內溢利將減少300萬港元（二零一八年：300萬港元）。如綜合比率下降1%，則年內溢利將增加300萬港元（二零一八年：300萬港元）。

下表顯示人壽保險業務的保險負債對死亡率及估值利率的潛在變化的敏感度。

Through its life insurance subsidiary, the Group offers annuity product to personal customers. Insurance risk arises from an inaccurate assessment of the risks entailed in writing and pricing an insurance policy. The major insurance risk is the longevity risk which arises from the possibility that actual life expectancy of annuitants being longer than expected. Insurance risk is managed by adopting a prudent set of assumptions and conducting regular experience studies. Asset-liability mismatch risk inherent to the annuity product is due to asset volatility, uncertain annuity liabilities, cash flow mismatch and currency mismatch between assets and liabilities. To mitigate such risk, the Group actively monitor the performance and steadfastly maintains control over asset allocation.

The general insurance subsidiary and life insurance subsidiary are subject to the supervision of the Insurance Authority and are required to observe the relevant compliance requirements stipulated by the Insurance Authority.

As at 31 December 2019, if the combined ratio of general insurance business had increased by 1%, profit for the year would have been HK\$3 million (2018: HK\$3 million) lower. If combined ratio had decreased by 1%, profit for the year would have been HK\$3 million (2018: HK\$3 million) higher.

The following table shows the sensitivity of insurance liabilities on the life insurance business to potential changes in mortality and valuation interest rate.

		保險負債 金額變動 Amount change from insurance liabilities	保險負債 百分比變動 Percentage change from insurance liabilities
		千港元 HK\$'000	%
		增加 / (減少)	增加 / (減少)
於二零一九年十二月三十一日 As at 31 December 2019		Increase/ (decrease)	Increase/ (decrease)
死亡率	Mortality		
+ 10%	+ 10%	(73,941)	(1.5)
- 10%	- 10%	83,111	1.7
估值利率	Valuation interest rate		
+ 0.5%	+ 0.5%	(201,611)	(4.0)
- 0.5%	- 0.5%	217,740	4.3

		保險負債 金額變動 Amount change from insurance liabilities	保險負債 百分比變動 Percentage change from insurance liabilities
		千港元 HK\$'000	%
		增加 / (減少)	增加 / (減少)
於二零一八年十二月三十一日 As at 31 December 2018		Increase/ (decrease)	Increase/ (decrease)
死亡率	Mortality		
+ 10%	+ 10%	(45,692)	(1.4)
- 10%	- 10%	51,432	1.6
估值利率	Valuation interest rate		
+ 0.5%	+ 0.5%	(132,321)	(4.0)
- 0.5%	- 0.5%	143,042	4.4

3.6. 金融資產及負債的公平值

(a) 公平值估計

下表列示按公平值(根據估值方法估算)確認的金融工具。

3.6. Fair values of financial assets and liabilities

(a) Fair value estimation

The following table shows financial instruments recognised at fair value, by valuation method.

		於二零一九年十二月三十一日 As at 31 December 2019				於二零一八年十二月三十一日 As at 31 December 2018			
		第一層 Level 1 千港元 HK\$'000	第二層 Level 2 千港元 HK\$'000	第三層 Level 3 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	第三層 Level 3 千港元 HK\$'000	總額 Total 千港元 HK\$'000
資產	Assets								
衍生金融工具	Derivative financial instruments	-	200,702	-	200,702	-	161,047	-	161,047
證券投資	Investment securities								
— 以公平值變化計入	— FVOCI								
其他全面收益		4,920,402	-	-	4,920,402	5,091,664	-	-	5,091,664
— 以公平值變化計入損益	— FVPL	378,803	-	-	378,803	543,612	-	-	543,612
外匯基金存款	Placements with the Exchange Fund	-	-	12,881,627	12,881,627	-	-	7,734,934	7,734,934
		5,299,205	200,702	12,881,627	18,381,534	5,635,276	161,047	7,734,934	13,531,257
負債	Liabilities								
衍生金融工具	Derivative financial instruments	-	299,935	-	299,935	-	264,386	-	264,386
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	-	147,184	-	147,184	-	143,981	-	143,981
		-	447,119	-	447,119	-	408,367	-	408,367

於本年度，第一層與第二層的金屬工具之間並沒有轉移，亦無轉入或轉出第三層。

There was no transfer between Level 1 and Level 2 nor transfers into or out of Level 3 during the year.

(i) 第一層的金融工具

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

(ii) 第二層的金融工具

並非在活躍市場交易的金融工具的公平價值按估值方法確定。估值方法會盡量利用市場上可取得的及可觀察的數據而盡可能少依賴對公司特定的估算。倘若計量工具的公平值時所需的重要資料是基於可觀察的數據，該工具則被包括在第二層。

第二層的衍生工具包括利率掉期、貨幣掉期及貨幣遠期合約。這些衍生工具會利用可觀察到的收益率曲線，從而得到遠期利率和遠期匯率（如適用），用來計量公平值。

(i) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If an asset or a liability measured at fair value has a bid price and an ask price, the price within the bid-ask spread that is most representative of fair value in the circumstances shall be used to measure fair value. These instruments are included in Level 1.

(ii) Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

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

第二層的債務證券使用較不活躍市場上的市場報價，來計量公平值；如果沒有的話，可以使用現金流量折現分析方法，從債務工具的交易對手在市場上可觀察得到的報價，以得出折現率，用以折現合約現金流量。

Level 2 debt securities are fair valued using quoted market prices in less active markets, or if not available, a discounted cash flow approach, which discounts the contractual cash flows using discount rates derived from observable market prices of other quoted debt instruments of the counterparties.

(iii) 第三層的金融工具

倘若其中一個或以上的重大資料並非是基於可觀察的市場數據，該工具則被包括在第三層。外匯基金存款計入第三層，其公平值乃參考未來年度的估計投資回報率釐定，並與其帳面值相若。

第三層金融工具的公平值計量變動如下：

(iii) Financial instruments in Level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. The placements with the Exchange Fund are included in Level 3 with fair value determined by reference to the estimated rates of investment return for future years, approximate the carrying value.

Movement in Level 3 fair value measurement as follows:

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
於一月一日	As at 1 January	7,734,934	–
外匯基金存款	Placements with the Exchange Fund	4,682,000	7,550,000
於損益中確認的 外匯基金存款收益 (附註9)	Income from placements with the Exchange Fund recognised in profit or loss (Note 9)	464,693	184,934
於十二月三十一日	As at 31 December	12,881,627	7,734,934

(b) 並非以公平值計量的金融資產和負債

於二零一九年十二月三十一日及二零一八年十二月三十一日，本集團並未於財務狀況表按公平值悉數呈列金融工具的帳面值與公平值並沒有重大不同。除其帳面值與公平值相若的金融工具外，下表為非以公平值計量的金融工具之帳面值、公平值及公平值架構級別：

(b) Fair values of financial assets and liabilities not measured at fair value

The carrying amounts of the Group's financial instruments not presented on the Group's statement of financial position at their fair values are not materially different from their fair values as at 31 December 2019 and 31 December 2018 except for the following financial instruments, for which their carrying amounts and fair values and the level of fair value hierarchy are disclosed below:

		於二零一九年十二月三十一日 As at 31 December 2019				於二零一八年十二月三十一日 As at 31 December 2018			
		帳面值 Carrying amount	公平值 Fair value	第一層 Level 1	第二層 Level 2	帳面值 Carrying amount	公平值 Fair value	第一層 Level 1	第二層 Level 2
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
金融資產	Financial assets								
證券投資	Investment securities								
— 按攤銷成本列帳	— amortised cost	12,034,506	12,517,183	12,517,183	—	11,546,833	11,530,161	11,530,161	—
金融負債	Financial liabilities								
已發行債務證券	Debt securities issued	39,563,779	40,046,257	—	40,046,257	37,148,896	36,588,554	—	36,588,554

估計金融工具公平值時已使用下列方法及重要假設：

(i) 現金及短期資金

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

(ii) 貸款組合淨額

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

(iii) 按攤銷成本列帳的證券投資

證券投資於扣除減值撥備後列帳。按攤銷成本列帳的證券投資之公平值以市價或經紀／交易商報價的淨價為基礎。倘未能取得有關資料，則採用具有同類信貸、到期日及收益率等特點之證券所報的市價估計公平值。

The following methods and significant assumptions have been used to estimate the fair values of financial instruments:

(i) Cash and short-term funds

Cash and short-term funds include bank deposits and are stated net of impairment allowance. The fair value of floating-rate deposits is the carrying amount. The estimated fair value of fixed-rate deposits, which are normally less than 6 months, is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity. Therefore, the fair value of the deposits is approximately equal to their carrying value.

(ii) Loan portfolio, net

Loan portfolio is stated net of impairment allowance. An insignificant portion of loan portfolio bears interest at fixed rate. Therefore, the carrying value of loan portfolio is a reasonable estimate of the fair value.

(iii) Investment securities at amortised cost

Investment securities are stated net of impairment allowance. Fair value for investment securities at amortised cost is based on market prices or broker/dealer price quotations, which are the clean prices. Where this information is not available, fair value has been estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

<p>(iv) 其他資產</p> <p>這些主要是指在呈報期日後結算的已發行債務證券的應收款項，其公平值與帳面值相若。</p>	<p>(iv) Other assets</p> <p>These mainly represent receivables from debt securities issued for settlement after the reporting date with the fair value approximating the carrying amount.</p>
<p>(v) 已發行債務證券</p> <p>公平值總額乃基於市場報價的淨價計算。至於未有市場報價的債券，會基於到期前剩餘期限的現時收益率曲線並採用現金流量折現模型計算。</p>	<p>(v) Debt securities issued</p> <p>The aggregate fair values are calculated based on quoted market prices, which are the clean prices. For those notes where quoted market prices are not available, a discounted cash flow model is used based on a current yield curve appropriate for the remaining term to maturity.</p>
<p>(vi) 其他負債</p> <p>其他負債主要指二零零三年十二月及二零零四年一月自政府購買的按揭貸款加強信貸安排的遞延代價，其公平值與帳面值相若。</p>	<p>(vi) Other liabilities</p> <p>These mainly represent the deferred consideration used for credit enhancement on the mortgage loans purchased from the Government in December 2003 and January 2004 with the fair value approximating the carrying amount.</p>
<p>(vii) 應收利息及匯款及應付利息</p> <p>應計利息被獨立確認，由於預期將在呈報期日起計的十二個月內收回或償還，其公平值與帳面值相若。匯款預期將在呈報期日起計一個月內收回，其公平值與帳面值相若。</p>	<p>(vii) Interest and remittance receivables and interest payable</p> <p>Accrued interest is recognised separately with the fair value approximating the carrying amount as it is expected to be recovered or settled within twelve months from the reporting date. Remittance receivables are expected to be recovered within one month from the reporting date with the fair value approximating the carrying amount.</p>

3.7. 資本管理

本集團管理資本(其涵蓋範圍較列於財務狀況表帳面的權益為廣)的目的如下：

- 需符合政府財政司司長(財政司司長)訂定資本要求及其保險附屬公司需符合保險業監管局制定的資本規定；
- 確保本集團持續營運的能力，以繼續為股東提供回報；
- 維持本集團的穩定及發展；
- 按有效及風險為本的方法分配資本，優化對股東的經風險調節的回報；及
- 維持雄厚的資本基礎支持業務發展。

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

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

3.7. Capital management

The Group's objectives when managing capital, which is a broader concept than the equity on the face of the statement of financial position, are:

- To comply with the capital requirements set by the Financial Secretary of the Government (**Financial Secretary**) and the Insurance Authority for its insurance subsidiaries;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholder;
- To support the Group's stability and growth;
- To allocate capital in an efficient and risk based approach to optimise risk adjusted return to the shareholder; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the management in accordance with the Guidelines on Capital Adequacy Ratio (**Guidelines**) issued by the Financial Secretary, by reference largely to Basel II risk-based capital adequacy framework. The minimum Capital Adequacy Ratio (**CAR**) stipulated in the Guidelines is 8%.

The Chief Executive Officer is required to submit a report to the Board of Directors on a quarterly basis by reference to the Guidelines issued by the Financial Secretary. If the CAR drops to the threshold level of 14%, the Chief Executive Officer will alert the Executive Directors. If the CAR falls to 12% or below, the Board of Directors will be informed and appropriate remedial actions will be taken. During the period, the Group complied with all of the capital requirement set out in the Guidelines by the Financial Secretary.

根據參考《銀行業(資本)規則》制定的資本充足率指引，《銀行業(資本)規則》下的資本比率計算基礎跟隨財務報告的綜合基礎，但不包括屬於「受規管金融機構」(例如保險公司)的附屬公司。此乃由於該等機構受監管機構所監督，並須維持足以維持業務活動的資本(例如償付能力充足率)，與《銀行業(資本)規則》對銀行所規定者相若。該等未予綜合的受規管金融機構的投資成本從資本基礎中扣除，而相應的相關的風險資產亦不會計入加權資產的計算中。

下表概述於呈報期末的資本基礎組成及資本充足率。

Pursuant to the Guidelines on the CAR, which is made by reference to the Banking (Capital) Rules (**BCR**), the calculation basis of capital ratio under the BCR follows the basis of consolidation for financial reporting with the exclusion of subsidiaries which are “regulated financial entities” (e.g. insurance companies). It is because these entities are supervised by a regulator and are subject to the maintenance of adequate capital (e.g. solvency ratio) to support business activities comparable to those prescribed for banks under the BCR. The investment cost of these unconsolidated regulated financial entities is deducted from the capital base whilst the corresponding related exposures are also excluded from the calculation of risk-weighted assets.

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

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
股本	Share capital	7,000,000	7,000,000
儲備	Reserves	8,460,636	8,150,766
減值撥備	Impairment allowance	4,344	3,290
扣除：	Deductions:		
— 於受監管附屬公司的投資	— Investment in regulated subsidiaries	(8,000,000)	(8,000,000)
— 其他扣除額	— Other deductions	-	(2,971)
資本基礎總額	Total capital base	7,464,980	7,151,085
資本充足率	Capital Adequacy Ratio	30.2%	26.8%

3.8. 金融資產及金融負債之對銷

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

3.8. Offsetting financial assets and financial liabilities

The disclosures set out in the tables below pertain to financial assets and financial liabilities that are not offset in the Group's consolidated statement of financial position but are subject to enforceable master netting arrangements or similar agreements that cover similar financial instruments. The disclosures enable the understanding of both the gross and net amounts, as well as provide additional information on how such credit risk is mitigated.

		於二零一九年十二月三十一日 As at 31 December 2019				於二零一八年十二月三十一日 As at 31 December 2018			
		相關但並未在綜合財務狀況表				相關但並未在綜合財務狀況表			
		綜合財務狀況表的帳面值	對銷的金額 [#]			綜合財務狀況表的帳面值	對銷的金額 [#]		
		Carrying amounts on the consolidated statement of financial position	the consolidated statement of financial position [#]			Carrying amounts on the consolidated statement of financial position	the consolidated statement of financial position [#]		
			衍生金融工具				衍生金融工具		
			Derivative financial instruments	現金抵押品 collateral	淨額 [*] Net amount [*]		Derivative financial instruments	現金抵押品 collateral	淨額 [*] Net amount [*]
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
金融資產	Financial assets								
正數的衍生金融工具公平值	Positive fair values for derivative financial instruments	200,702	(175,078)	(22,765)	2,859	161,047	(98,859)	(58,154)	4,034
金融負債	Financial liabilities								
負數的衍生金融工具公平值	Negative fair values for derivative financial instruments	299,935	(175,078)	(68,101)	56,756	264,386	(98,859)	(137,483)	28,044

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

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

[#] Amounts under "Related amount not set off in the consolidated statement of financial position" represent the amounts of financial liabilities/assets position that are subject to netting arrangements or similar agreements including CSA.

^{*} Net amount represents financial assets/liabilities that are subject to netting arrangements or similar agreements but the Group's counterparty does not have equivalent financial liabilities/assets position with the Group to offset upon default.

4. 關鍵會計估計及假設

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

4.1 貸款組合的減值撥備

本集團會檢討其貸款組合，以定期評估預期信貸虧損。在釐定預期信貸虧損時，本集團對自初始確認後信貸風險是否有任何重大增加作出判斷。就假設及估計，本集團需納入有關過去事件、當前狀況及經濟狀況預測的相關資料作出判斷。估計未來現金金額及時間的方法及假設會定期檢討，以減小估計虧損及實際虧損經驗的差異。

貸款組合於二零一九年十二月三十一日的帳面值在附註 17 內披露。

4.2 一般保險業務的保險及擔保組合的未決申索撥備

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

保險負債於二零一九年十二月三十一日的帳面值在附註 25 內披露。

4. Critical accounting estimates and assumptions

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1. Impairment allowances on loan portfolio

The Group reviews its loan portfolio to assess ECLs on a regular basis. In determining ECLs, the Group makes judgements as to whether there is any significant increase in credit risk since initial recognition. It is required to exercise judgements in making assumptions and estimates to incorporate relevant information about past events, current conditions and forecast of economic conditions. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

The carrying amount of loan portfolio as at 31 December 2019 is disclosed in Note 17.

4.2. Provision for outstanding claims on insurance and guarantee portfolios of general insurance business

The Group reviews its insurance and guarantee portfolios to assess provision for outstanding claims, including claims of which the amounts have not been determined and claims arising out of incidents that have not been notified to the insurer, known as "Incurred But Not Reported" and related expenses for settling such claims. In determining the provision for outstanding claims, the Group makes judgement and assumptions including but not limited to the loss severity rate applied, the economic climate and the local property market in making estimation of the payments which the Group is required to make in fulfilling its obligations under the insurance and guarantee contracts. The methodology and assumptions used for estimating the ultimate claim amount are reviewed regularly.

The carrying amount of insurance liabilities as at 31 December 2019 is disclosed in Note 25.

4.3. 人壽保險業務的保險合約負債

保險合約負債乃基於當前假設，並考慮風險因素及假設上的偏差。所用的主要假設涉及死亡率、長壽、費用及折現率，並定期進行檢討。

保險負債於二零一九年十二月三十一日的帳面值在附註25內披露。

4.4. 釐定租賃期

如租賃包含本集團可行使續租權，則於租賃開始日期釐定租賃期時，本集團會評估行使續租權的可能性，並考慮到所有能形成經濟誘因促使本集團行使續租權的相關事實及情況(包括有利條款、已進行的租賃裝修，以及該資產對本集團經營的重要性)。倘發生重大事件或出現本集團控制範圍以內的重重大變動情況，則將重新評估租賃期。任何租賃期的延長或縮短均會影響未來年度確認的租賃負債及使用權資產之金額。

4.5. 就結轉稅項虧損確認遞延稅項資產

年金業務需要以精算假設去維持審慎的法定儲備，因而引起的會計虧損產生遞延稅項資產。本集團認為遞延資產將根據業務計劃所估計之未來應課稅收入予以收回。預期年金業務於未來將產生應課稅收入。此虧損可無限期結轉，並無到期日。

4.3. Insurance contract liabilities of life insurance business

The liability for insurance contracts is based on current assumptions with a margin for risk and adverse deviation. The main assumptions used relate to mortality, longevity, expenses and discount rates, which are reviewed regularly.

The carrying amount of insurance liabilities as at 31 December 2019 is disclosed in Note 25.

4.4. Determination of the lease term

In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

4.5. Recognition of deferred tax asset for carried-forward tax losses

The deferred tax assets mainly relates to tax losses of the annuity business arising from maintaining prudent statutory reserves based on actuarial assumptions. The Group has concluded that the deferred assets will be recoverable using the estimated future taxable income based on the business plans. The annuity business is expected to generate taxable income in the future. The losses can be carried forward indefinitely and have no expiry date.

5. 分類資料

本集團主要在香港從事購買資產及供款管理服務、一般保險及人壽保險業務。其他業務，例如為提供資金以購入貸款而發行的債務工具，及將貸款收取款項所產生的盈餘資金進行再投資，被視為購買資產業務的附屬業務。

一般保險主要包括按揭保險、安老按揭及中小企融資擔保業務。人壽保險包括年金業務。購買資產及供款管理服務包括貸款收購業務及債務發行等其他業務。

下表列示本集團經營分部的收入、溢利及其他資料。

5. Segment information

The Group is principally engaged in asset purchase and servicing, general insurance and life insurance businesses in Hong Kong. Other activities such as debt issuance to fund the loan purchase and investment to reinvest the surplus funds from loan receipt are considered ancillary to asset purchase business.

General insurance includes mainly mortgage insurance, reverse mortgage and SME financing guarantee businesses. Life insurance includes annuity business. Asset purchase and servicing include loan acquisition business and other activities such as debt issuance.

The following tables represent revenue, profit and other information for operating segments of the Group.

		購買資產及 供款管理服務 Asset purchase and servicing 千港元 HK\$'000	一般保險 General insurance 千港元 HK\$'000	人壽保險 Life insurance 千港元 HK\$'000	分部間對銷 Inter- segment elimination 千港元 HK\$'000	總計 Total 千港元 HK\$'000
截至二零一九年十二月三十一日止年度 Year ended 31 December 2019						
淨利息收入	Net interest income	446,493	78,069	(571)	-	523,991
淨保險業務業績	Net insurance business results	-	215,189	(387,458)	-	(172,269)
其他收入	Other income	181,229	58,426	406,869	(181,127)	465,397
經營收入	Operating income	627,722	351,684	18,840	(181,127)	817,119
經營支出	Operating expenses	(325,179)	(189,259)	(146,340)	181,127	(479,651)
未計減值前的經營溢利	Operating profit before impairment	302,543	162,425	(127,500)	-	337,468
減值(撥備)/回撥	(Charge)/write-back of impairment allowances	(1,047)	111	2	-	(934)
除稅前溢利	Profit before taxation	301,496	162,536	(127,498)	-	336,534

		購買資產及 放款管理服務 Asset purchase and servicing 千港元 HK\$'000	一般保險 General insurance 千港元 HK\$'000	人壽保險 Life insurance 千港元 HK\$'000	分部間對銷 Inter- segment elimination 千港元 HK\$'000	總計 Total 千港元 HK\$'000
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截至二零一八年十二月三十一日止年度 Year ended 31 December 2018

淨利息收入	Net interest income	438,904	95,264	2,041	–	536,209
淨保險業務業績	Net insurance business results	–	243,509	(549,885)	–	(306,376)
其他收入	Other income	162,269	34	184,952	(97,622)	249,633
經營收入	Operating income	601,173	338,807	(362,892)	(97,622)	479,466
經營支出	Operating expenses	(240,840)	(166,087)	(103,083)	97,622	(412,388)
未計減值前的經營溢利	Operating profit before impairment	360,333	172,720	(465,975)	–	67,078
減值回撥/(撥備)	Write back/(charge) of impairment allowances	153	(280)	(7)	–	(134)
除稅前溢利	Profit before taxation	360,486	172,440	(465,982)	–	66,944

		購買資產及 放款管理服務 Asset purchase and servicing 千港元 HK\$'000	一般保險 General insurance 千港元 HK\$'000	人壽保險 Life insurance 千港元 HK\$'000	分部間對銷 Inter- segment elimination 千港元 HK\$'000	總計 Total 千港元 HK\$'000
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於二零一九年十二月三十一日	As at 31 December 2019					
分部資產	Segment assets	52,762,384	6,962,673	10,012,074	(2,230,797)	67,506,334
分部負債	Segment liabilities	45,287,877	3,674,381	5,538,282	(2,230,797)	52,269,743

		購買資產及 放款管理服務 Asset purchase and servicing 千港元 HK\$'000	一般保險 General insurance 千港元 HK\$'000	人壽保險 Life insurance 千港元 HK\$'000	分部間對銷 Inter- segment elimination 千港元 HK\$'000	總計 Total 千港元 HK\$'000
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於二零一八年十二月三十一日	As at 31 December 2018					
分部資產	Segment assets	49,699,136	5,008,698	8,008,883	(235,148)	62,481,569
分部負債	Segment liabilities	42,550,765	1,863,272	3,408,971	(235,148)	47,587,860

6. 利息收入

6. Interest income

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
貸款組合	Loan portfolio	171,599	162,583
現金及短期資金	Cash and short-term funds	701,329	557,744
證券投資	Investment securities	597,551	509,383
		1,470,479	1,229,710

7. 利息支出

7. Interest expense

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
銀行借款及已發行債務證券	Bank loans and debt securities issued	836,054	607,367
租賃負債	Lease liabilities	1,806	–
其他	Others	108,628	86,134
		946,488	693,501

本年度利息支出包括9.44億港元(二零一八年：6.91億港元)並非以公平值變化計入損益的金融負債。

Included within interest expenses are HK\$944 million (2018: HK\$691 million) for financial liabilities that are not at fair value through profit or loss.

8. 保險業務的收益帳

8. Revenue account for insurance business

		2019			2018		
		一般保險 General insurance 千港元 HK\$'000	人壽保險 Life insurance 千港元 HK\$'000	總計 Total 千港元 HK\$'000	一般保險 General insurance 千港元 HK\$'000	人壽保險 Life insurance 千港元 HK\$'000	總計 Total 千港元 HK\$'000
毛保費 (附註及附註25(a)(i))	Gross premiums written (Note and Note 25(a)(i))	542,438	1,630,827	2,173,265	634,757	2,780,240	3,414,997
再保險保費(附註25(a)(i))	Reinsurance premiums (Note 25(a)(i))	(76,223)	-	(76,223)	(69,018)	-	(69,018)
保險費淨額(附註25(a)(i))	Net premiums written (Note 25(a)(i))	466,215	1,630,827	2,097,042	565,739	2,780,240	3,345,979
未滿期保費的變動淨額	Movement in unearned premiums, net	(109,392)	-	(109,392)	(188,327)	-	(188,327)
已滿期保費淨額(附註25(a)(i))	Net premiums earned (Note 25(a)(i))	356,823	1,630,827	1,987,650	377,412	2,780,240	3,157,652
申索產生淨額、已付利益及 保單持有人負債變動 (附註25(a)(ii)及附註25(b)(i))	Net claims incurred, benefits paid and movement in policyholders' liabilities (Note 25(a)(ii) and Note 25(b)(i))	(3,444)	(2,018,114)	(2,021,558)	(3,392)	(3,317,645)	(3,321,037)
撥備後已滿期保費淨額	Net premiums earned after provisions	353,379	(387,287)	(33,908)	374,020	(537,405)	(163,385)
佣金支出	Commission expenses	(163,487)	(52)	(163,539)	(154,121)	(12,268)	(166,389)
徵費支出	Levy expenses	-	(119)	(119)	-	(212)	(212)
再保險公司承擔的佣金支出	Reinsurers' share of commission expenses	25,297	-	25,297	23,610	-	23,610
佣金支出淨額及徵費支出	Net commission and levy expenses	(138,190)	(171)	(138,361)	(130,511)	(12,480)	(142,991)
扣除佣金及徵費支出後 已滿期保費淨額	Net premiums earned after commission and levy expenses	215,189	(387,458)	(172,269)	243,509	(549,885)	(306,376)

附註：

就一般保險業務而言，毛保費主要來自按揭及安老按揭貸款保險業務。

Note:

For general insurance business, gross premiums were mainly derived from mortgage insurance cover on mortgage loans and on reverse mortgage loans.

9. 其他收入

9. Other income

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
來自外匯基金存款的收益	Income from placements with the Exchange Fund	464,693	184,934
提早還款費用及過期罰款	Early prepayment fees and late charges	396	384
匯兌差額	Exchange difference	(37,592)	12,335
金融工具公平值變動淨額	Net change in fair value of financial instruments	(11,936)	11,840
以公平值變化計入損益的投資收益／(虧損)淨額	Net gain/(losses) on investments at fair value through profit or loss	33,037	(13,500)
出售以公平值變化計入其他全面收益的投資收益淨額	Net gain on disposal of investments at FVOCI	75	-
出售按攤銷成本列帳的投資收益淨額	Net gain on disposal of investments at amortised cost	-	192
上市投資的股息收入	Dividend income from listed investments	20,019	58,626
其他	Others	(3,295)	(5,178)
		465,397	249,633

金融工具公平值變動相當於以下各項的總和：(i)指定為公平值對沖的對沖工具公平值虧損1,500萬港元(二零一八年：3.24億港元)及對沖項目公平值收益1,400萬港元(二零一八年：3.25億港元)；及(ii)不符合採用對沖會計方法的衍生工具公平值虧損1,400萬港元(二零一八年：700萬港元收益)及指定為以公平值變化計入損益的已發行債務證券公平值收益300萬港元(二零一八年：400萬港元)。

Change in fair value of financial instruments represented the aggregate of (i) HK\$15 million fair value loss on hedging instruments designated as fair value hedge (2018: HK\$324 million) and HK\$14 million fair value gain on the hedged items (2018: HK\$325 million); and (ii) HK\$14 million fair value loss on derivatives not qualified as hedges for accounting purposes (2018: HK\$7 million gain) and HK\$3 million fair value gain on debt securities issued designated as at fair value through profit or loss (2018: HK\$4 million).

10. 經營支出

10. Operating expenses

		2019	2018
		千港元	千港元
		HK\$'000	HK\$'000
僱員成本：	Staff costs:		
— 薪金及福利	— Salaries and benefits	272,804	237,081
— 退休金成本	— Pension costs		
— 界定供款計劃	— defined contribution plans	15,619	13,576
辦公室：	Premises:		
— 租金(附註)	— Rental (Note)	—	49,845
— 其他	— Others	10,284	9,123
董事袍金	Directors' fees	—	—
就董事參與公司 管理事務的其他服務 而付予之酬金：	Emoluments in respect of directors' other services in connection with the management of the affairs of the Company:		
— 薪金、津貼及花紅	— Salaries, allowances and bonus	6,761	6,367
— 為退休計劃所作之供款	— Retirement scheme contributions	654	633
折舊(附註22)	Depreciation (Note 22)		
— 使用權資產(附註)	— right-of-use assets (Note)	53,877	—
— 其他固定資產	— other fixed assets	27,160	19,371
財經資訊服務	Financial information services	10,962	8,259
顧問費	Consultancy fees	19,237	17,248
市場推廣及廣告支出	Marketing and advertising expenses	32,954	21,294
其他經營支出	Other operating expenses	29,339	29,591
		479,651	412,388

附註：

本集團已採納香港財務報告準則第16號，對以往根據香港會計準則第17號被分類為經營租賃的租賃，通過確認於二零一九年一月一日的使用權資產之期初結餘。(附註2.1(a))。

Note:

The Group has adopted HKFRS 16 and adjusted the opening balances as at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17 (Note 2.1(a)).

11. 核數師酬金

11. Auditor's remuneration

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
核數師酬金：	Auditor's remuneration:		
— 審核服務	— Audit services	3,552	3,215
— 其他服務	— Other services	1,710	1,349
		5,262	4,564

12. 減值撥備

12. Charge of impairment allowances

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
貸款減值撥備／(回撥)：	Charge/(write-back) of loan impairment allowances:		
— 現金及短期資金(附註3.2(b))	— Cash and short-term funds (Note 3.2(b))	53	(95)
— 證券投資	— Investment securities		
— 按攤銷成本列帳 (附註3.2(c)(i))	— amortised cost (Note 3.2(c)(i))	13	197
— 以公平值變化計入其他 全面收益(附註3.2(c)(ii))	— FVOCI (Note 3.2(c)(ii))	(46)	14
— 貸款組合(附註3.2(a))	— Loan portfolio (Note 3.2(a))	914	18
		934	134

13. 稅項

(a) 綜合收益表內的稅項為：

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
香港利得稅	Hong Kong profits tax		
— 當期稅項	— Current tax	17,811	17,987
— 過往年度調整	— Adjustment in respect of prior years	2,566	(30)
		20,377	17,957
遞延稅項	Deferred taxation		
— 本年度退回	— Credit for current period	(1,304)	(77,571)
		19,073	(59,614)

就本期間產生的估計應課稅溢利按16.5%(二零一八年:16.5%)的稅率計提香港利得稅撥備。遞延稅項以負債法按16.5%(二零一八年: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：

13. Taxation

(a) Taxation in the consolidated income statement represents:

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profit for the period. Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 16.5% (2018: 16.5%).

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
除稅前溢利	Profit before taxation	336,534	66,944
按16.5%(二零一八年:16.5%)的稅率計算	Calculated at a taxation rate of 16.5% (2018: 16.5%)	55,528	11,046
稅務影響：	Tax effect of:		
— 毋須繳稅的收入	— income not subject to taxation	(181,027)	(157,438)
— 不可扣稅的開支	— expenses not deductible for taxation purposes	114,813	86,808
— 未確認稅務虧損	— tax losses not recognised	8,169	—
— 過往年度調整	— adjustment in respect of prior years	2,566	(30)
— 其他	— other	19,024	—
稅項支出/(退回)	Taxation charge/(credit)	19,073	(59,614)

(b) 財務狀況表內的稅項撥備為：

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

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
遞延稅項資產	Deferred tax assets	79,170	77,866
當期稅項負債	Current tax liabilities	123,115	104,077

於二零一九年十二月三十一日及二零一八年十二月三十一日，並無任何重大未撥備遞延稅項。

There was no significant unprovided deferred taxation as at 31 December 2019 and 31 December 2018.

遞延稅項(資產)/負債的主要組成部分及年內變動如下：

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

		加速稅項折舊 Accelerated tax depreciation 千港元 HK\$'000	減值撥備 Impairment allowances and provisions 千港元 HK\$'000	稅務虧損 Tax losses 千港元 HK\$'000	總額 Total 千港元 HK\$'000
於二零一八年一月一日	As at 1 January 2018	3,366	(3,661)	-	(295)
於收益表內扣除/(存入)	Charged/(credited) to income statement	603	(964)	(77,210)	(77,571)
於二零一八年十二月三十一日	As at 31 December 2018	3,969	(4,625)	(77,210)	(77,866)
於收益表內扣除/(存入)	Charged/(credited) to income statement	4,240	(107)	(5,437)	(1,304)
於二零一九年十二月三十一日	As at 31 December 2019	8,209	(4,732)	(82,647)	(79,170)

遞延稅項資產只限於有足夠未來應課稅溢利可供變現的情況下方會確認。未動用稅務虧損可無限期結轉。

Deferred tax assets are recognised to the extent that sufficient future taxable profits will be available for realisation. The unused tax losses can be carried forward indefinitely.

於十二個月內，無任何重大遞延稅項資產/負債需要結算。

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

14. 現金及短期資金

14. Cash and short-term funds

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
銀行現金	Cash at banks	74,244	196,590
銀行定期存款	Time deposits with banks	27,834,939	29,195,211
現金及短期資金總額	Gross cash and short-term funds	27,909,183	29,391,801
現金及短期資金的減值撥備 (附註3.2(b))	Impairment allowance on cash and short-term funds (Note 3.2 (b))	(999)	(946)
		27,908,184	29,390,855

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.

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
銀行現金	Cash at banks	74,244	196,590
銀行定期存款	Time deposits with banks	11,882,939	14,581,211
現金及等同現金項目	Cash and cash equivalents	11,957,183	14,777,801

15. 應收利息及匯款

15. Interest and remittance receivables

		2019 千港元 HK\$'000	2018 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	254,305	161,582
— 證券投資	— investment securities	140,873	135,392
— 銀行定期存款	— time deposits with banks	90,816	99,291
貸款組合的應收利息及 分期付款	Interest receivable and instalments, in transit from loan portfolio	32,697	41,654
		518,691	437,919

16. 衍生金融工具

(a) 衍生工具的應用

本集團應用下列衍生工具對沖本集團的金融風險。

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

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

16. Derivative financial instruments

(a) Use of derivatives

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

Currency forwards are commitment to purchase or sell foreign currency at a pre-specified exchange rate on a future date. Currency and interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an exchange of currencies or interest rates or a combination of all these. No exchange of principal takes place except for certain currency swaps. The Group's credit risk represents the potential cost to replace the swap contracts if counterparties fail to perform their obligations. This risk is monitored on an ongoing basis under a prudent treasury counterparty risk management framework.

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the consolidated statement of financial position but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amounts of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable, and thus the aggregate fair values of derivative financial assets and liabilities, can fluctuate significantly from time to time. The fair values of derivative instruments held are set out below.

	2019			2018			
	合約/ 名義金額 Contract/ notional amounts 千港元 HK\$'000	公平值 Fair values 資產 Assets 千港元 HK\$'000		負債 Liabilities 千港元 HK\$'000			
(i) 不符合採用對沖會計方法的衍生工具	(i) Derivatives not qualified as hedges for accounting purposes						
利率掉期	Interest rate swaps	2,977,834	5,008	(4,112)	3,023,290	11,041	(77)
貨幣掉期	Currency swaps	1,842,627	15,801	(20,141)	-	-	-
貨幣遠期合約	Currency forwards	19,554	167	-	3,315,395	700	(565)
			20,976	(24,253)		11,741	(642)
(ii) 公平值對沖衍生工具	(ii) Fair value hedge derivatives						
利率掉期	Interest rate swaps	18,040,000	133,215	(53,980)	14,246,974	129,153	(78,663)
貨幣掉期	Currency swaps	14,173,651	46,511	(221,702)	8,455,076	20,153	(185,081)
			179,726	(275,682)		149,306	(263,744)
已確認衍生工具資產/ (負債)總額	Total recognised derivative assets/(liabilities)		200,702	(299,935)		161,047	(264,386)

(b) 對沖活動

倘衍生工具作為公平值對沖或現金流對沖，就會計處理而言，衍生工具入帳時符合對沖資格。本集團的公平值對沖主要包括用於保障因已發行債務證券公平值的任何潛在變動所引致的利率風險和外匯風險的利率和貨幣掉期。於二零一九年十二月三十一日及二零一八年十二月三十一日，並無任何指定以現金流對沖衍生工具。

(b) Hedging activities

Derivatives may qualify as hedges for accounting purposes if they are fair value hedges or cash flow hedges. The Group's fair value hedge principally consists of interest rate and currency swaps that are used to protect interest rate risk and foreign currency risk resulting from any potential change in fair value of underlying debt securities issued. There were no derivatives designated as cash flow hedges as at 31 December 2019 and 31 December 2018.

17. 貸款組合淨額

17. Loan portfolio, net

(a) 貸款組合減撥備

(a) Loan portfolio less allowance

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
住宅按揭貸款組合	Residential mortgage portfolio	4,910,217	6,179,353
非按揭貸款組合	Non-mortgage portfolio		
基建貸款	Infrastructure loans	1,817,052	–
融資租約應收帳款及其他	Finance lease receivables and others	202,364	263,377
		6,929,633	6,442,730
貸款減值撥備(附註3.2(a))	Allowance for loan impairment (Note 3.2(a))	(1,588)	(666)
		6,928,045	6,442,064

貸款減值撥備總額佔貸款組合尚未償還本金結餘的百分比如下：

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

		2019	2018
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	0.023%	0.010%

作出貸款減值撥備時，已考慮抵押品的目前市值。

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

		2019	2018
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	0.011%	0.007%

(b) 貸款組合內的融資租賃投資淨額

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

		2019		
		最低應收租約 款項現值 Present value of minimum lease payments receivable 千港元 HK\$'000	未來期間的 利息收入 Interest income relating to future periods 千港元 HK\$'000	最低應收租約 款項總額 Total minimum lease payments receivable 千港元 HK\$'000
應收款項：	Amounts receivable:			
— 一年內	— within one year	21,004	3,829	24,833
— 一年後至五年內	— after one year but within five years	67,048	11,504	78,552
— 五年後	— after five years	104,977	11,238	116,215
		193,029	26,571	219,600

		2018		
		最低應收租約 款項現值 Present value of minimum lease payments receivable 千港元 HK\$'000	未來期間的 利息收入 Interest income relating to future periods 千港元 HK\$'000	最低應收租約 款項總額 Total minimum lease payments receivable 千港元 HK\$'000
應收款項：	Amounts receivable:			
— 一年內	— within one year	25,533	5,341	30,874
— 一年後至五年內	— after one year but within five years	85,546	16,329	101,875
— 五年後	— after five years	142,565	17,318	159,883
		253,644	38,988	292,632

本集團沒有就融資租約應收帳款作出貸款減值撥備。

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

18. 證券投資

(a) 以公平值變化計入其他全面收益的證券投資

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
按公平值列帳的債務證券	Debt securities at fair value		
於香港上市	Listed in Hong Kong	1,101,818	587,702
於香港境外上市	Listed outside Hong Kong	2,011,352	2,128,745
非上市	Unlisted	1,807,232	2,375,217
以公平值變化計入其他全面收益的證券總額	Total FVOCI securities	4,920,402	5,091,664

以公平值變化計入其他全面收益的證券包括債務證券，其中合約現金流量僅為本金及利息，而本集團持有此類債務證券之業務模式的目標則通過收取合約現金流量及出售金融資產而實現。

按發行機構類別分析以公平值變化計入其他全面收益的證券如下：

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
銀行及其他金融機構	Banks and other financial institutions	3,941,969	4,266,072
公司企業	Corporate entities	822,285	795,487
公營機構	Public sector entities	–	30,105
中央政府	Central governments	156,148	–
		4,920,402	5,091,664

18. Investment securities

(a) Investment securities at FVOCI

FVOCI securities comprise debt securities where the contractual cash flows are solely principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets.

FVOCI securities are analysed by categories of issuers as follows:

以公平值變化計入其他全面收益的證券的變動概述如下：

The movement in FVOCI securities is summarised as follows:

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
於一月一日	As at 1 January	5,091,664	5,480,912
增加	Additions	1,679,612	1,307,246
出售及贖回	Sale and redemption	(1,846,295)	(1,693,196)
攤銷	Amortisation	(645)	(2,534)
公平值變動	Change in fair value	13,610	(7,182)
外幣匯兌差額	Exchange difference	(17,544)	6,418
於十二月三十一日	As at 31 December	4,920,402	5,091,664

有關減值、信貸質素及本集團信貸風險的資料於附註3.2(c)披露。

Information on the impairment, credit quality and the Group's exposure to credit risk are disclosed in Note 3.2(c).

(b) 以公平值變化計入損益的證券投資

(b) Investment securities at FVPL

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
按公平值列帳的交易所買賣 基金及房地產投資信託基金 於香港上市	Exchange-traded funds and real estate investment trusts at fair value Listed in Hong Kong	378,803	543,612
以公平值變化計入損益的證券 總額	Total FVPL securities	378,803	543,612

本集團將不符合按攤銷成本計量或以公平值變化計入其他全面收益標準的交易所買賣基金及房地產投資信託基金等其他證券投資分類為以公平值變化計入損益。

The Group classifies other investment securities in exchange-traded funds and real estate investments trusts at FVPL, which do not qualify for measurement at either amortised cost or FVOCI.

以公平值變化計入損益的證券的變動
概述如下：

The movement in FVPL securities is summarised as follows:

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
於一月一日	As at 1 January	543,612	1,657,750
增加	Additions	–	16,644
出售	Sale	(193,052)	(1,096,226)
公平值變動	Change in fair value	28,288	(35,278)
外幣匯兌差額	Exchange difference	(45)	722
於十二月三十一日	As at 31 December	378,803	543,612

(c) 按攤銷成本列帳的證券投資

(c) Investment securities at amortised cost

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
按攤銷成本列帳的債務證券	Debt securities at amortised cost		
於香港上市	Listed in Hong Kong	7,270,898	6,317,348
於香港境外上市	Listed outside Hong Kong	2,193,184	2,106,090
		9,464,082	8,423,438
非上市	Unlisted	2,571,879	3,124,837
按攤銷成本列帳的證券 投資總額	Gross investment securities at amortised cost	12,035,961	11,548,275
按攤銷成本列帳的證券投資的 減值撥備(附註3.2(c)(i))	Impairment allowance on investment securities at amortised cost (Note 3.2(c)(i))	(1,455)	(1,442)
按攤銷成本列帳的證券總額	Total amortised costs securities	12,034,506	11,546,833

本集團僅於同時符合以下標準之情況
時，方會將證券投資分類為按攤銷成
本列帳：

The Group classifies investment securities as at amortised
cost only if both of the following criteria are met:

- 業務模式的目標為持有資產以
收取合約現金流量；及
- 根據合約條款在指定日期的現
金流量乃全數用於支付本金和
未償還本金的利息。

- the asset is held within a business model with the
objective of collecting the contractual cash flows, and
- the contractual terms give rise on specified dates to
cash flows that are solely payments of principal and
interest on the principal outstanding.

按發行機構類別分析按攤銷成本列帳的證券如下：

Amortised cost securities are analysed by categories of issuers as follows:

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
銀行及其他金融機構	Banks and other financial institutions	4,064,177	5,075,984
公司企業	Corporate entities	6,270,963	4,904,367
公營機構	Public sector entities	358,587	540,768
中央政府	Central governments	1,342,234	1,027,156
		12,035,961	11,548,275

按攤銷成本列帳的證券的變動概述如下：

The movement in amortised cost securities is summarised as follows:

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
於一月一日	As at 1 January	11,548,275	10,347,834
增加	Additions	2,176,283	1,855,361
出售及贖回	Sales and redemption	(1,631,368)	(653,843)
攤銷	Amortisation	(5,492)	(11,141)
外幣匯兌差額	Exchange difference	(51,737)	10,064
於十二月三十一日	As at 31 December	12,035,961	11,548,275

19. 外匯基金存款

本集團已將年金公司及按證保險公司的外匯基金存款分類為以公平值變化計入損益的金融資產。於二零一九年十二月三十一日，外匯基金存款結餘為129億港元(二零一八年：77億港元)，包括本金總額為122億港元(二零一八年：76億港元)加上於呈報日已賺取及已累計但尚未提取的收入。

外匯基金存款投資於外匯基金的投資組合及長期增長組合，並受鎖定投資期限制。外匯基金存款回報率按年釐定。就投資組合而言，回報率乃根據投資組合過去六年的年均回報率或上年度三年期政府債券的年均收益率(下限為0%)計算，以較高者為準。就長期增長組合而言，回報率乃根據本年度時間加權回報率釐定。

19. Placements with the Exchange Fund

The Group has classified the placements of the HKMCA and the HKMCI with the Exchange Fund as financial assets at fair value through profit or loss. As at 31 December 2019, the balance of the placements with the Exchange Fund amounted to HK\$12.9 billion (2018: HK\$7.7 billion), comprising a total principal sum of HK\$12.2 billion (2018: HK\$7.6 billion) plus income earned and accrued but not yet withdrawn as at the reporting date.

The placements with the Exchange Fund are invested in the Investment Portfolio and Long-Term Growth Portfolio of the Exchange Fund, subject to a lock-up period. The rate of return on the placements with the Exchange Fund is determined annually. For Investment Portfolio, the rate of return is calculated on the basis of the average annual rate of return on the portfolio over the past six years or the average annual yield of three-year Government Bond in the previous year (subject to a minimum of zero percent), whichever is the higher. With respect to the Long-Term Growth Portfolio, the rate of return is determined based on the current year time-weighted rate of return.

20. 附屬公司投資

於二零一九年十二月三十一日，本公司的附屬公司詳情如下：

20. Interests in subsidiaries

Details of the subsidiaries of the Company as at 31 December 2019 are as follows:

名稱 Name	註冊成立地點 Place of incorporation	主要業務 Principal activities	已發行及繳足股份詳情 (股份的類別) Particulars of issued and fully paid up share capital (Class of shares)	由公司的附屬公司(或其代名人)所持的股份 Percentage of shares held by the Company (or its nominee)	由公司的附屬公司(或其代名人)所持股份的百分率 Percentage of shares held by the Company's subsidiary (or its nominee)
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、為小型貸款融資、及安老按揭貸款的貸款安排 Mortgage purchase and servicing, funding of microfinance loans, and origination of reverse mortgage loans	1,000,000 港元 (普通股) HK\$1,000,000 (Ordinary)	100%	不適用 N/A
香港按揭保險有限公司 HKMC Insurance Limited	香港 Hong Kong	一般保險業務 General insurance business	3,000,000,000 港元 (普通股) HK\$3,000,000,000 (Ordinary)	100%	不適用 N/A
香港年金有限公司 HKMC Annuity Limited	香港 Hong Kong	長期保險業務 Long term insurance business	5,000,000,000 港元 (普通股) HK\$5,000,000,000 (Ordinary)	100%	不適用 N/A
香港按揭證券融資(第一)有限公司* HKMC Funding Corporation (1) Limited*	香港 Hong Kong	並無商業活動 No business activity	1,000 港元 (普通股) HK\$1,000 (Ordinary)	不適用 N/A	不適用 N/A
Bauhinia MBS Limited*	開曼群島 Cayman Islands	並無商業活動 No business activity	1,000 美元 (普通股) US\$1,000 (Ordinary)	不適用 N/A	不適用 N/A
香港按揭信貸保證有限公司 HKMC Credit & Guarantee Corporation Limited	香港 Hong Kong	不活動狀態 Dormant	1 港元 (普通股) HK\$1 (Ordinary)	不適用 N/A	100%
Hong Kong Mortgage Credit & Guarantee Corporation Limited	香港 Hong Kong	不活動狀態 Dormant	1 港元 (普通股) HK\$1 (Ordinary)	不適用 N/A	100%
HKMC Premier Solutions Limited^	香港 Hong Kong	提供營銷及業務發展服務 Provision of marketing and business development services	100 港元 (普通股) HK\$100 (Ordinary)	不適用 N/A	100%

* 根據香港《公司條例》附表 1，這些公司被定義為附屬企業。這些公司為經營由本公司擔保的按揭證券化計劃而成立，而本公司並沒有持有這些公司的股份。

* These companies are subsidiary undertakings as defined in Schedule 1 to the Hong Kong Companies Ordinance and the Company does not hold shares in these companies which are set up for the operation of mortgage-backed securitisation programme guaranteed by the Company.

^ 該公司於二零一九年四月註冊成立。

^ The company was incorporated in April 2019.

21. 預付款項、按金及其他資產

21. Prepayments, deposits and other assets

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
公司會籍債券	Corporate club debentures	830	750
信貸支持附件應收款項	CSA receivable	72,853	137,483
在呈報日後結算的已發行證券 的應收款項	Receivables from securities issued for settlement after the reporting date	1,002,223	488,021
其他應收款項	Other receivable	227,891	172,306
其他資產	Other assets	33,552	30,931
		1,337,349	829,491

22. 固定資產

22. Fixed assets

		自用租賃物業 的使用權資產 Right-of- use assets on leased properties for own use 千港元 HK\$'000	租賃物業裝修 Leasehold improvement 千港元 HK\$'000	辦公室設備、 傢俬及裝備 Office equipment, furniture and fixtures 千港元 HK\$'000	電腦 Computers 千港元 HK\$'000	汽車 Motor vehicle 千港元 HK\$'000	總額 Total 千港元 HK\$'000
於二零一八年一月一日	Net book amount as at 1 January 2018						
帳面淨額		-	11,553	882	21,776	118	34,329
添置	Additions	-	7,961	4,228	26,619	-	38,808
折舊	Depreciation charge	-	(5,579)	(1,074)	(12,630)	(88)	(19,371)
於二零一八年十二月三十一日	Net book amount as at 31 December 2018	-	13,935	4,036	35,765	30	53,766
採納香港財務報告準則 第16號的變動	Changes on adoption of HKFRS 16	105,090	(5,782)	-	-	-	99,308
於二零一九年一月一日	Net book amount as at 1 January 2019	105,090	8,153	4,036	35,765	30	153,074
添置	Additions	-	6,508	1,484	30,345	-	38,337
撇銷	Written off	-	(362)	(148)	-	-	(510)
折舊(附註10)	Depreciation charge (Note 10)	(53,877)	(4,898)	(1,693)	(20,539)	(30)	(81,037)
於二零一九年十二月三十一日	Net book amount as at 31 December 2019	51,213	9,401	3,679	45,571	-	109,864
於二零一九年十二月三十一日	As at 31 December 2019						
成本值	Cost	105,090	44,818	14,014	248,700	775	413,397
累計折舊	Accumulated depreciation	(53,877)	(35,417)	(10,335)	(203,129)	(775)	(303,533)
帳面淨額	Net book amount	51,213	9,401	3,679	45,571	-	109,864
於二零一八年十二月三十一日	As at 31 December 2018						
成本值	Cost	-	47,755	12,759	218,355	775	279,644
累計折舊	Accumulated depreciation	-	(33,820)	(8,723)	(182,590)	(745)	(225,878)
帳面淨額	Net book amount	-	13,935	4,036	35,765	30	53,766

23. 應付利息

23. Interest payable

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
以下各項的應付利息：	Interest payable from:		
— 已發行債務證券	— debt securities issued	320,288	229,577
— 利率掉期合約	— interest rate swap contracts	44,345	20,088
— 其他負債	— other liabilities	8,241	7,803
		372,874	257,468

24. 應付帳項、應付開支及其他負債

24. Accounts payable, accrued expenses and other liabilities

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
應付帳項及應付開支	Accounts payable and accrued expenses	291,494	248,121
其他負債	Other liabilities	4,866,088	4,762,799
租賃負債	Lease liabilities	45,773	—
其他撥備	Other provision	57,862	50,759
		5,261,217	5,061,679

其他負債是指中小企融資擔保計劃下的特別優惠措施所收到的擔保費及撥款(已扣除申索及相關開支)379,717,000港元(二零一八年：370,511,000港元)(附註31)，與及指用於二零零三年十二月及二零零四年一月自政府購買的按揭貸款信貸安排加強措施的遞延代價4,486,371,000港元(二零一八年：4,392,288,000港元)。於二零一九年，租賃現金流出總額為53,198,000港元。

Other liabilities represented the guarantee fee and fund received (net of claims and related expenses) of HK\$379,717,000 (2018: HK\$370,511,000) under the special concessionary measures of the SME Financing Guarantee Scheme (Note 31) and the deferred consideration of HK\$4,486,371,000 (2018: HK\$4,392,288,000) used for credit enhancement on the mortgage loans purchased from the Government in December 2003 and January 2004. The total cash outflow for leases in 2019 was HK\$53,198,000.

25. 保險負債及再保險資產

25. Insurance liabilities and reinsurance assets

		2019			2018		
		毛額	再保險	淨額	毛額	再保險	淨額
		Gross	Reinsurance	Net	Gross	Reinsurance	Net
		千港元	千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
一般保險業務：	General insurance:						
未滿期保費及擔保費用撥備	Provision for unearned premiums and guarantee fees	1,435,165	201,784	1,233,381	1,290,372	166,383	1,123,989
未決申索撥備：	Provision for outstanding claims:						
— 已申報/(已收回)申索	— claims reported/(recovery)	1,895	389	1,506	2,236	(1)	2,237
— 已產生但未申報申索	— claims incurred but not reported	37,096	6,818	30,278	30,236	5,136	25,100
		38,991	7,207	31,784	32,472	5,135	27,337
		1,474,156	208,991	1,265,165	1,322,844	171,518	1,151,326
人壽保險：	Life insurance:						
保單持有人負債	Policyholders' liabilities	5,027,483	–	5,027,483	3,284,529	–	3,284,529
		6,501,639	208,991	6,292,648	4,607,373	171,518	4,435,855

(a) 一般保險業務

(a) General insurance

- (i) 未滿期保費及擔保費用撥備變動分析如下

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

		2019			2018		
		毛額	再保險	淨額	毛額	再保險	淨額
		Gross	Reinsurance	Net	Gross	Reinsurance	Net
		千港元	千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
於一月一日	As at 1 January	1,290,372	166,383	1,123,989	1,095,805	160,143	935,662
已收取保費(附註8)	Premiums written (Note 8)	542,438	76,223	466,215	634,757	69,018	565,739
已滿期保費(附註8)	Premiums earned (Note 8)	(397,645)	(40,822)	(356,823)	(440,190)	(62,778)	(377,412)
於十二月三十一日	As at 31 December	1,435,165	201,784	1,233,381	1,290,372	166,383	1,123,989

(ii) 未決申索撥備變動分析如下

(ii) Analysis of movement in provision for outstanding claims

		2019			2018		
		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	32,472	5,135	27,337	34,345	4,458	29,887
已付申索	Claims paid	(2,446)	(698)	(1,748)	(7,556)	-	(7,556)
已收回申索	Claims recovery	3,044	293	2,751	1,908	294	1,614
已產生/(回撥)申索(附註8):	Claims incurred/(written back) (Note 8):						
一已申報申索	— claims reported	(939)	795	(1,734)	749	(488)	1,237
一已產生但未申報申索	— claims incurred but not reported	6,860	1,682	5,178	3,026	871	2,155
		5,921	2,477	3,444	3,775	383	3,392
於十二月三十一日	As at 31 December	38,991	7,207	31,784	32,472	5,135	27,337

(b) 人壽保險

(b) Life insurance

(i) 保單持有人負債變動分析

(i) Analysis of movement in policyholders' liabilities

		2019			2018		
		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	3,284,529	-	3,284,529	-	-	-
已付申索及已付利益	Claims and benefits paid	(275,160)	-	(275,160)	(33,116)	-	(33,116)
已產生申索及保單持有人 負債變動(附註8)	Claims incurred and movement in policyholders' liabilities (Note 8)	2,018,114	-	2,018,114	3,317,645	-	3,317,645
於十二月三十一日	As at 31 December	5,027,483	-	5,027,483	3,284,529	-	3,284,529

(ii) 主要假設及負債預訂的方法

(ii) Key assumptions and reserving approach

對於長期保險合約，經濟假設會持續檢討及更新。非經濟假設亦至少每年檢討一次。

For long term insurance contracts, economic assumptions are continually reviewed and updated. Non-economic assumptions are reviewed at least annually.

根據公認精算原則及《保險業條例》內香港《保險業(長期負債釐定)規則》的規例，就個別人士壽保險責任採用經修訂定額淨保費估值法進行估值，下限為退保現金價值。

Based on generally accepted actuarial principles and in accordance with the Hong Kong Insurance Companies (Determination of Long Term Liabilities) Rules of the Insurance Ordinance, the valuation of individual life liabilities was carried out using the Modified Net Level Premium Valuation method, subject to a minimum of the surrender value.

(iii) 非經濟假設

死亡率

使用HKA01死亡率表(經死亡率改善及篩選負加調整)，並在最佳估計死亡率假設上為不利偏差計提15%的保費負加。

失效

根據《保險業條例》內香港《保險業(長期負債釐定)規則》第13條(即不就自願中止計提撥備)。

重續支出

重續支出假設乃基於內部經驗研究所得。

(iv) 估值利率基準

估值利率指現有資產收益率與於估值日期起計3年內及3年後購買的資產預期再投資收益率的加權比例。於估值日期起計3年內購買的資產再投資收益率，乃取當前資產的平均收益率與預期於估值日期起計3年後購買的資產再投資收益率的平均值得出。此方法符合香港《保險業(長期負債釐定)規則》的規例及香港精算學會提供的精算指引。估值利率為4%。

(iii) Non-economic assumptions

Mortality

HKA01 mortality table adjusted by mortality improvement and selection loading is used, with loading of 15% for provision for adverse deviations on top of best estimate mortality assumptions.

Lapse

In accordance with Section 13 of the Hong Kong Insurance Companies (Determination of Long Term Liabilities) Rules of the Insurance Ordinance (i.e. no allowance is made for the voluntary discontinuance).

Renewal expense

The renewal expense assumption is based on internal experience study.

(iv) Valuation interest basis

The valuation interest rate is the weighted proportion of yield on existing assets and reinvestment yield expected of assets bought within 3 years of valuation date and 3 years after valuation date. The reinvestment yield of assets bought within 3 years of valuation date is obtained by taking the average of yield on current assets and reinvestment yield of assets expected to be bought 3 years after valuation date. This methodology is in compliance with the Hong Kong Insurance Companies (Determination of Long Term Liabilities) Regulation and the actuarial guidance provided by the Actuarial Society of Hong Kong. The valuation interest rate is 4%.

26. 已發行債務證券

26. Debt securities issued

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
按攤銷成本列帳的債務證券	Debt securities carried at amortised cost		
中期債券	MTN	10,308,191	14,540,716
按攤銷成本列帳的債務證券總額	Total debt securities carried at amortised cost	10,308,191	14,540,716
指定為對沖項目並以公平值對沖的債務證券	Debt securities designated as hedged items under fair value hedge		
債務工具發行計劃債券	DIP notes	1,733,270	1,808,922
中期債券	MTN	27,522,318	20,799,258
指定為對沖項目並以公平值對沖的債務證券總額	Total debt securities designated as hedged items under fair value hedge	29,255,588	22,608,180
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		
債務工具發行計劃債券	DIP notes	147,184	143,981
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	147,184	143,981
已發行債務證券總額	Total debt securities issued	39,710,963	37,292,877

年內沒有發行(二零一八年：無)於初始確認時指定以公平值變化計入損益的債務證券。該等債務證券之公平值變動源於基準利率的改變。於初始確認時，指定為以公平值變化計入損益的金融負債帳面值，較本集團根據合約規定於到期時須向債券持有人支付的金額少36,816,000港元(二零一八年：40,019,000港元)。

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

During the year, no debt securities (2018: nil) were designated on initial recognition as at fair value through profit or loss. The fair value changes are attributable to changes in benchmark interest rates for the debt securities designated as at fair value through profit or loss. The carrying amount of the financial liabilities designated as at fair value through profit or loss upon initial recognition is HK\$36,816,000 (2018: HK\$40,019,000) lower than the amount that the Group would be contractually required to pay at maturity to the note holders.

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

已發行債務證券的變動概述如下：

The movement in debt securities issued is summarised as follows:

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
於一月一日	As at 1 January	37,494,823	34,706,897
發行	Issuance	31,890,989	34,074,308
減：贖回	Less: Redemption	(29,474,462)	(31,289,536)
外幣匯兌差額	Exchange difference	862	3,154
名義價值總額	Total nominal value	39,912,212	37,494,823
未攤銷折讓部分	Unamortised portion of discount	(74,974)	(92,638)
公平值調整	Fair value adjustment	(126,275)	(109,308)
於十二月三十一日	As at 31 December	39,710,963	37,292,877

本年度發行的債券：

Notes issued during the year comprise:

		中期債券 MTN 千港元 HK\$'000
已發行金額面值	Amount issued at nominal value	31,890,989
已收取款項	Consideration received	31,843,819

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.

27. 股本

27. Share capital

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
已發行及繳足： 20億股普通股	Issued and fully paid: 2 billion ordinary shares	7,000,000	7,000,000

股本變動概述如下：

The movement in share capital is summarised as follows:

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
於一月一日	As at 1 January	7,000,000	2,000,000
注資	Capital injection	–	5,000,000
於十二月三十一日	As at 31 December	7,000,000	7,000,000

28. 與有關連人士訂立的重大交易

- (a) 本公司及其全資附屬公司由政府經外匯基金所擁有(於二零一九年十月一日前闡述為由財政司司長以外匯基金管理人身份所擁有)。本集團與下列有關連人士訂立以下重大交易：

與政府相關機構香港金管局的交易包括下列各項：

- (i) 本集團使用由香港金管局所營運的債務工具中央結算系統服務所提供託管及結算代理服務，並繳付費用總額200萬港元(二零一八年：180萬港元)給香港金管局，作為本年度使用該服務的費用；
- (ii) 本集團於本年度產生2,040萬港元(二零一八年：1,780萬港元)借調費，作為從香港金管局借調員工的費用；
- (iii) 本公司於本年度繳付60萬港元(二零一八年：60萬港元)予香港金管局，作為後備場所的服務費；
- (iv) 金融管理專員透過外匯基金向本公司提供300億港元的循環信貸，於二零一九年十二月三十一日並無未償還餘額(二零一八年：無)；及
- (v) 金融管理專員透過外匯基金承諾向本公司注入額外資金高達200億港元作為股本，以資助本公司向年金公司的額外注資，而本公司承諾倘年金公司的償付能力充足率低於若干百分比，則向年金公司注入相應額外資金作為其股本。

28. Material related party transactions

- (a) The Company and its wholly-owned subsidiaries are owned by the Government for the account of the Exchange Fund (described before 1 October 2019 as Financial Secretary of Hong Kong as controller of the Exchange Fund). The Group entered into the following material transactions with the following related parties:

Transactions with the HKMA, a Government-related entity, included the following:

- (i) the Group subscribed to the custodian and clearing agent services provided by the Central Moneymarkets Unit Service operated by the HKMA and paid a total fee amount of HK\$2.0 million (2018: HK\$1.8 million) to the HKMA for such services during the year;
- (ii) the Group incurred a secondment fee of HK\$20.4 million (2018: HK\$17.8 million) for secondees from the HKMA during the year;
- (iii) the Company paid a back-up site service fee of HK\$0.6 million (2018: HK\$0.6 million) to the HKMA during the year;
- (iv) the Monetary Authority through the Exchange Fund provided the Company with a HK\$30 billion Revolving Credit Facility and there was no outstanding balance as at 31 December 2019 (2018: nil); and
- (v) the Monetary Authority through the Exchange Fund committed to inject additional funds up to HK\$20 billion into the Company as equity for the purpose of financing the Company's additional capital injection into the HKMCA and the Company committed to inject such additional funds into the HKMCA as equity if the solvency ratio of the HKMCA would fall below a certain percentage.

與政府的交易包括下列各項：

- (i) 於二零一九年概無向財政司司長法團購買按揭貸款(二零一八年：2.81億港元)；及
- (ii) 本集團就其中小企融資擔保計劃，提供以優惠的擔保費水平及分別由政府支付的總貸款保證承擔額各為1,000億港元及330億港元的八成及九成擔保保障的兩項貸款擔保產品，詳情載列於附註31。

與香港按揭管理有限公司(本公司的全資附屬公司)的交易包括下列各項：

- (i) 本公司為香港按揭管理有限公司在按揭保險計劃下所購入的貸款及安老按揭計劃下的貸款安排提供資金，貸款之一般保險保障由按證保險公司提供；及
- (ii) 本公司(作為計劃營運者)、香港按揭管理有限公司及各參與銀行(作為貸款人)維持小型貸款計劃項下的貸款參與協議，據此香港按揭管理有限公司將為全部或部分小型貸款提供資金。

Transactions with the Government included the following:

- (i) No mortgage loans were purchased from The Financial Secretary Incorporated in 2019 (2018: HK\$281 million); and
- (ii) the Group provided two loan guarantee products with 80% and 90% guarantee coverages respectively under its SME Financing Guarantee Scheme (**SFGS**) at a concessionary guarantee fee rate and up to respective total loan guarantee commitments of HK\$100 billion and HK\$33 billion reimbursable by the Government with details set out in Note 31.

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

- (i) the Company funded loan acquisition under the MIP and origination under the Reverse Mortgage Programme (**RMP**) by the HMML with general insurance covers from the HKMCI; and
- (ii) the Company as scheme operator, the HMML and various participating banks as loan originators maintained their loan participation agreements under the Microfinance Scheme pursuant to which the HMML would fund all or part of the microfinance loans.

與年金公司及按證保險公司(均為本公司的全資附屬公司)的交易包括下列各項：

- (i) 本公司向年金公司提供最高達100億港元的信貸以為年金公司的年金業務提供資金。年內的利息收入為370萬港元(二零一八年：10萬港元)，而於二零一九年十二月三十一日，尚未償還本金結餘及應計利息總額為4.253億港元(二零一八年：3,510萬港元)；
- (ii) 本公司與年金公司訂立現金存款安排，以管理年金公司資本及正常業務營運過程中所產生的盈餘資金。年內的利息開支為330萬港元(二零一八年：210萬港元)，而於二零一九年十二月三十一日，尚未償還本金結餘及應計利息總額為4,610萬港元(二零一八年：4,400萬港元)；
- (iii) 本公司向按證保險公司提供最高達20億港元的信貸以為按證保險公司的業務營運提供資金。年內的利息收入為2,160萬港元(二零一八年：無)，而於二零一九年十二月三十一日，尚未償還本金結餘及應計利息總額為15.216億港元(二零一八年：無)；及
- (iv) 本公司與按證保險公司訂立現金存款安排，以管理按證保險公司資本及正常業務營運過程中所產生的盈餘資金。年內概無利息開支(二零一八年：1,360萬港元)，而於二零一九年十二月三十一日與本公司並無現金存款結餘(二零一八年：無)。

本公司於本年度內向其附屬公司提供總部企業支援服務及資金籌措安排。該等交易的費用按公平基準釐定。

Transactions with the HKMCA and the HKMCI, both being wholly-owned subsidiaries of the Company, included the following:

- (i) the Company provided a facility up to HK\$10 billion to the HKMCA to fund the HKMCA's annuity business operation. The interest income therefrom was HK\$3.7 million during the year (2018: HK\$0.1 million) and the aggregate amount of the outstanding principal balance and the accrued interest as at 31 December 2019 was HK\$425.3 million (2018: HK\$35.1 million);
- (ii) the Company maintained a cash placement arrangement with the HKMCA for managing the capital and surplus funds generated in the normal course of business operation of the HKMCA. The interest expense thereon was HK\$3.3 million during the year (2018: HK\$2.1 million) and the aggregate amount of the outstanding principal balance and the accrued interest as at 31 December 2019 was HK\$46.1 million (2018: HK\$44 million);
- (iii) the Company provided a facility up to HK\$2 billion to the HKMCI to fund the HKMCI's business operation. The interest income therefrom was HK\$21.6 million during the year (2018: nil) and the aggregate amount of the outstanding principal balance and the accrued interest as at 31 December 2019 was HK\$1,521.6 million (2018: nil); and
- (iv) the Company maintained a cash placement arrangement with the HKMCI for managing the capital and surplus funds generated in the normal course of business operation of the HKMCI. There was no interest expense during the year (2018: HK\$13.6 million) and no outstanding balance for cash placement with the Company as at 31 December 2019 (2018: nil).

There were arrangements whereby the Company provided headoffice corporate support services and funding arrangements to its subsidiaries during the year. Fees on these transactions were determined on an arm's length basis.

於呈報期末應付相關連人士的結餘如下：

Balances of amounts due to relevant related parties as at the end of the reporting period are as follows:

		外匯基金		政府	
		The Exchange Fund		The Government	
		2019	2018	2019	2018
		千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
外匯基金存款(附註19)	Placements with the Exchange Fund (Note 19)	12,881,627	7,734,934	-	-
其他負債(附註24及31)	Other liabilities (Notes 24 and 31)	-	-	4,866,088	4,762,799

(b) 主要管理層人員

主要管理層人員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 personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors and senior officers.

Compensation of the key management personnel for the year comprised:

		2019	2018
		千港元	千港元
		HK\$'000	HK\$'000
薪金及其他短期僱員福利	Salaries and other short-term employee benefits	29,541	23,270
離職後福利	Post-employment benefits	2,458	2,274
		31,999	25,544

29. 承擔

29. Commitments

(a) 資本

(a) Capital

		2019 千港元 HK\$'000	2018 千港元 HK\$'000
已批准及訂約	Authorised and contracted for	1,667	803
已批准但未訂約	Authorised but not contracted for	39,892	42,269
		41,559	43,072

上述資本承擔主要與購買電腦設備及軟件有關。

The above capital commitments mainly relate to commitments to purchase computer equipment and software.

(b) 經營租約

(b) Operating lease

於二零一八年十二月三十一日，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如下：

As at 31 December 2018, the total future minimum lease payments under non-cancellable operating leases were as follows:

		2018 千港元 HK\$'000
辦公室物業：	Office premises:	
— 不多於一年	— not later than one year	53,197
— 多於一年至不多於五年	— later than one year and not later than five years	50,313
		103,510

30. 按揭保險計劃及安老按揭計劃

30. Mortgage Insurance Programme and Reverse Mortgage Programme

於二零一九年十二月三十一日，本集團按揭保險計劃的風險投保總額約為279億港元(二零一八年：237億港元)，其中48億港元(二零一八年：40億港元)已向核准再保險公司購買再保險，而本集團則自行承擔餘下231億港元(二零一八年：197億港元)的風險。

As at 31 December 2019, the total risk-in-force of the Group under the MIP was approximately HK\$27.9 billion (2018: HK\$23.7 billion) of which HK\$4.8 billion (2018: HK\$4 billion) was ceded to the approved reinsurers and the balance of HK\$23.1 billion (2018: HK\$19.7 billion) was retained by the Group.

於二零一九年十二月三十一日，本集團安老按揭計劃的風險投保總額約為125億港元(二零一八年：96億港元)，其中13億港元(二零一八年：無)已向核准再保險公司購買再保險，而本集團則自行承擔餘下112億港元(二零一八年：96億港元)的風險。

As at 31 December 2019, the total risk-in-force of the Group under the RMP was approximately HK\$12.5 billion (2018: HK\$9.6 billion) of which HK\$1.3 billion (2018: nil) was ceded to the approved reinsurer and the balance of HK\$11.2 billion (2018: HK\$9.6 billion) was retained by the Group.

31. 中小企融資擔保計劃下的特別優惠措施

本集團就現有的中小企融資擔保計劃，提供以優惠的擔保費水平及由政府支付總貸款保證承擔額分別為1,000億港元及330億港元的八成及九成擔保保障的貸款擔保產品。由特別信貸擔保產品所收取的擔保費，將首先全數用於支付相關的壞帳償付及相關開支，如有餘款則將撥歸予政府。如所收取的擔保費不足以應付相關款額及費用，政府將會承擔餘額。本集團負責此產品的營運並承擔日常營運開支。

有關特別的貸款擔保產品，對本集團的綜合收益表就有關擔保費用的收入、違約索償或其他直接相關開支並沒有影響。基於本集團只是代表政府營運產品，本集團認為有關此產品的風險和利益均屬於政府。因此，產品的風險承擔並沒有列於本集團的資產負債表外風險。

32. 呈報期後發生事項

二零二零年初爆發2019冠狀病毒病(COVID-19爆發)後，本港已持續推行一系列防控措施。本集團密切留意COVID-19爆發的發展情況，並評估其對本集團財務狀況及經營業績造成的影響。於本財務報表獲授權刊發當日，本集團並不察覺COVID-19爆發令財務報表有任何重大不利影響。

31. Special concessionary measures under the SME Financing Guarantee Scheme

The Group provided loan guarantee products with 80% and 90% guarantee coverage under the existing SFGS at a concessionary guarantee fee rate and up to a total loan guarantee commitment of HK\$100 billion and HK\$33 billion respectively reimbursable by the Government. All guarantee fees collected under the special loan guarantee products are set aside to meet the relevant default claims and related out-of-pocket expenses. The remaining balance of the guarantee fees, if any, will be returned to, and any shortfall will be borne by, the Government. The Group is responsible for the operation of the product and the applicable day-to-day operating costs.

Regarding the special loan guarantee products, there is no impact on the consolidated income statement of the Group in respect of guarantee fee revenue, default claims or any direct expenses involved. Given that the Group operates only the products for the Government, the Group considers the risk and rewards associated with this product rest with the Government. Hence, the risk-in-force for the products has not been included as the Group's off-balance sheet exposures.

32. Events occurring after the reporting period

After the outbreak of Coronavirus Disease 2019 (COVID-19 outbreak) in early 2020, a series of precautionary and control measures had been and continued to be implemented across the city. The Group would pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group. As at the date on which this set of financial statements was authorised for issue, the Group was not aware of any material adverse effects on the financial statements as a result of the COVID-19 outbreak.

33. 本公司的財務狀況表及儲備變動

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

33.1 本公司於二零一九年十二月三十一日的財務狀況表

33.1 Statement of financial position of the Company as at 31 December 2019

	附註 Note	2019 千港元 HK\$'000	2018 千港元 HK\$'000
資產			
現金及短期資金		26,239,139	27,251,724
應收利息及匯款		481,196	392,545
衍生金融工具		200,702	161,047
貸款組合淨額		5,089,549	4,219,189
證券投資：			
— 以公平值變化計入其他全面收益		4,920,402	5,091,664
— 以公平值變化計入損益		378,803	543,612
— 按攤銷成本列帳		10,245,148	8,938,368
附屬公司投資		11,820,677	10,211,083
預付款項、按金及其他資產		1,094,115	648,467
固定資產		84,228	30,935
資產總額		60,553,959	57,488,634
負債			
應付利息		372,926	257,499
附屬公司存款		46,000	44,000
應付帳項、應付開支及其他負債		4,771,746	4,604,471
衍生金融工具		299,935	264,386
當期稅項負債		87,226	87,226
遞延稅項負債		4,939	3,528
已發行債務證券		39,710,963	37,292,877
負債總額		45,293,735	42,553,987
權益			
權益持有人應佔股本及儲備：			
股本		7,000,000	7,000,000
保留溢利	32.2	8,235,410	7,937,098
公平值儲備	32.2	24,814	(2,451)
權益總額		15,260,224	14,934,647
負債及權益總額		60,553,959	57,488,634

董事局已於二零二零年四月二十七日批准及授權刊行。

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

余偉文
副主席兼執行董事 Deputy Chairman and Executive Director

Eddie W. M. Yue

李令翔
執行董事兼總裁 Executive Director and Chief Executive Officer

Raymond L. C. Li

33.2 本公司的儲備

33.2 Reserves of the Company

		保留溢利 Retained profits 千港元 HK\$'000	風險儲備 Contingency reserve 千港元 HK\$'000	公平值儲備 Fair value reserve 千港元 HK\$'000	總額 Total 千港元 HK\$'000
於二零一八年一月一日結餘	Balance as at 1 January 2018	5,894,273	1,679,837	4,717	7,578,827
本年度溢利	Profit for the year	362,988	–	–	362,988
其他全面收益：	Other comprehensive income:				
以公平值變化計入其他全面收益 的債務證券公平值變動	Change in the fair value of debt securities at FVOCI	–	–	(7,182)	(7,182)
以公平值變化計入其他全面收益 的債務證券虧損撥備變動	Change in the loss allowance of debt securities at FVOCI	–	–	14	14
本年度全面收益總額	Total comprehensive income for the year	362,988	–	(7,168)	355,820
由保留溢利轉撥已滿期 風險保費淨額的50%或75% 至風險儲備	Transfer of 50% or 75% of net risk premium earned from retained profits to contingency reserve	(63,784)	63,784	–	–
由風險儲備撥回至保留溢利	Release of contingency reserve to retained profits	1,743,621	(1,743,621)	–	–
於二零一八年十二月三十一日	As at 31 December 2018	7,937,098	–	(2,451)	7,934,647
採納香港財務報告準則第16號 的變動	Changes on adoption of HKFRS 16	(1,214)	–	–	(1,214)
於二零一九年一月一日 經重列結餘	Restated balance as at 1 January 2019	7,935,884	–	(2,451)	7,933,433
本年度溢利	Profit for the year	299,526	–	–	299,526
其他全面收益：	Other comprehensive income:				
以公平值變化計入其他全面收益 的債務證券公平值變動	Change in the fair value of debt securities at FVOCI	–	–	27,311	27,311
以公平值變化計入其他全面收益 的債務證券虧損撥備變動	Change in the loss allowance of debt securities at FVOCI	–	–	(46)	(46)
本年度全面收益總額	Total comprehensive income for the year	299,526	–	27,265	326,791
於二零一九年十二月三十一日	As at 31 December 2019	8,235,410	–	24,814	8,260,224

34. 董事於交易、安排和合約中的重大利害關係

截至二零一九年十二月三十一日止年度內，不存在亦不曾訂立本集團任何成員作為一方，對本公司業務屬重要的，且年內曾為本公司董事的人士或其有關連實體(根據《公司條例》定義)在當中有直接或間接重大利害關係的任何交易、安排和合約。

35. 通過財務報表

董事局於二零二零年四月二十七日通過本財務報表。

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

At no time during the year ended 31 December 2019, there subsisted or entered into any transaction, arrangement or contract of significance in relation to the Company's business, to which any member of the Group was a party, and in which any person who was a director of the Company at any time during the year or a connected entity (as defined in the Companies Ordinance) of any such person had, directly or indirectly, a material interest.

35. Approval of financial statements

The financial statements were approved by the Board of Directors on 27 April 2020.

Abbreviations used in this Report

80% SFGS	80% guarantee product under the SME Financing Guarantee Scheme
90% SFGS	90% guarantee product under the SME Financing Guarantee Scheme
AI	Authorized Institutions
ALCO	Asset and Liability Committee
BLRs	Best Lending Rates
CAR	Capital Adequacy Ratio
CC	Credit Committee
Code	Corporate Governance Code of the HKMC
Code of Conduct	Code of Conduct for the HKMC's staff
CRC	Corporate Risk Management Committee
CSA	Credit Support Annex
CSR	Corporate Social Responsibility
DIP	Debt Issuance Programme
Directors	Directors of the Corporation
DTI	Debt-to-income
ECL	Expected credit losses
Financial Secretary	The Financial Secretary of the Government
Financial Statements	Audited consolidated financial statements of the Company for the year ended 31 December 2019
FVOCI	Fair value through other comprehensive income
FVPL	Fair value through profit or loss
Government	The Government of the Hong Kong Special Administrative Region
Group	The Company and its subsidiaries and subsidiary undertakings
Guidelines	Guidelines on Capital Adequacy Ratio
HIBOR	Hong Kong Interbank Offered Rate
HKASs	Hong Kong Accounting Standards
HKFRSs	Hong Kong Financial Reporting Standards
HKICPA	Hong Kong Institute of Certified Public Accountants
HKMA	Hong Kong Monetary Authority
HKMC/Corporation/Company	The Hong Kong Mortgage Corporation Limited 香港按揭證券有限公司
HKMCA	HKMC Annuity Limited 香港年金有限公司
HKMCI	HKMC Insurance Limited 香港按揭保險有限公司
HKSAR	Hong Kong Special Administrative Region
HKSAs	Hong Kong Standards on Auditing
HMML	HKMC Mortgage Management Limited 香港按揭管理有限公司
IA	Insurance Authority
IFS	Infrastructure Financing and Securitisation
IFSIC	Infrastructure Financing and Securitisation Investment Committee
IP	Investment Portfolio
IRM	Information Risk Management Department
LRC	Longevity Risk Committee
LTGP	Long Term Growth Portfolio
LTV	Loan-to-value
MBS	Mortgage-backed securities
MFS	Microfinance Scheme
MIP	Mortgage Insurance Programme
Moody's	Moody's Investors Service, Inc.
MPP	Mortgage Purchase Programme
MTN	Medium Term Note
NGOs	Non-governmental organisations
ORC	Operational Risk Committee
Plan	HKMC Annuity Plan
PRMP	Policy Reverse Mortgage Programme
RC	Risk Committee
RMP	Reverse Mortgage Programme
S&P	S&P Global Ratings
SFGS	SME Financing Guarantee Scheme
SMEs	Small and medium-sized enterprises
TAC	Transaction Approval Committee