

Press Release

New Enhancements to the Reverse Mortgage Programme

The Hong Kong Mortgage Corporation Limited (**HKMC**) today (Thursday) announced a number of new enhancements to the Reverse Mortgage Programme (**RMP**) with a view to offering reverse mortgage borrowers a higher monthly and lump-sum payouts and / or a greater flexibility in their financial planning.

The new enhancements, which come into effect today, are applicable to both existing and prospective reverse mortgage borrowers. Details are set out as follows:

- 1. Properties provided as security under the RMP are no longer required to be the borrower's principal residence**, but they must not be rented out unless with the bank's written approval; and
- 2. More than one property can be used as security for application of a reverse mortgage loan.** The determination of maximum amount of specified property value is subject to the aggregate amount of appraised property value (Please see Annex A); and
- 3. The maximum number of joint borrowers will be increased from two to three¹.** (Please see Annex B for the payout calculations); and

¹ Only applicable to a new application for a reverse mortgage loan.

4. Assignment of life insurance policy to the bank as additional collateral under the RMP is allowed. Borrowers may take out lump-sum payouts for the repayment of outstanding policy loans and/or payment of unpaid premiums of their life insurance policies to be assigned to the bank under the RMP (Please see Annex C for the indicative monthly payout amount).

A microfilm premiere was held by the HKMC today in connection with the announcement of the new enhancements. The premiere was attended by over 80 participants including representatives from banks, other related organisations, as well as the famous local celebrity Shek Sau and his son Sam Chan Yu-sam. The microfilm titled “Sweet Home” is now available on YouTube (<http://youtu.be/KJDQDyJ9Xsg>) for viewing.

The Chief Executive Officer of the HKMC, Mr Raymond Li said, “With the introduction of the new enhancements, the needs for more flexible retirement planning would be better served. Some of the new enhancements would be able to increase the borrowers’ monthly and lump-sum payouts. In addition, we will continue to enhance public awareness and understanding of the RMP through different kinds of educational and promotional activities.”

For more details about the product, please refer to the RMP leaflet and the information pack available on the HKMC website (www.hkmc.com.hk). For enquiries, please call the RMP Hotline: 2536 0136.

The Hong Kong Mortgage Corporation Limited
12 March 2015



Photo caption:

Mr Raymond Li, the Chief Executive Officer of the HKMC and representatives from the RMP's participating banks attend the toasting ceremony at the Microfilm Premiere.



Photo caption:

Two borrowers share their reverse mortgage experiences at a chit-chat session co-hosted by Mr Raymond Li, the Chief Executive Officer of the HKMC and the celebrity Shek Chau.

Maximum amount of specified property value for payout calculation

Appraised property value	Maximum amount of specified property value for payout calculation^{^#}
HK\$8 million or less	100% of appraised property value
Over HK\$8 million to HK\$12 million	Higher of 80% of appraised property value and HK\$8 million
Over HK\$12 million to HK\$16 million	Higher of 70% of appraised property value and HK\$9.6 million
Over HK\$16 million	Higher of 60% of appraised property value and HK\$11.2 million (capped at HK\$15 million*)

[^] For any refinancing property with appraised property value at HK\$12 million or below, the maximum amount of the specified property value for payout calculation will be 80% of the appraised property value.

^{*} For any property valued at HK\$25 million or above, the maximum amount of the specified property value for payout calculation will be capped at HK\$15 million.

[#] The determination of maximum amount of specified property value is subject to the aggregate amount of appraised property value for cases with more than one property as security under a reverse mortgage loan.

Annex B

Monthly payout amount
(per HK\$1 million of specified property value)

Entry age	60 years old			70 years old		
Payment Term	1 borrower	2 borrowers	3 borrowers	1 borrower	2 borrowers	3 borrowers
10-year	\$3,700	\$3,300	\$3,000	\$5,100	\$4,600	\$4,200
15-year	\$2,800	\$2,500	\$2,250	\$3,800	\$3,500	\$3,200
20-year	\$2,400	\$2,100	\$1,900	\$3,300	\$3,000	\$2,700
Life	\$2,000	\$1,800	\$1,550	\$3,100	\$2,800	\$2,400

Indicative monthly payout amount (per HK\$1 million of specified property value plus HK\$1 million of cash surrender value)[#]

Entry age	55 years old		60 years old		70 years old	
Payment term	1 borrower	2 borrowers	1 borrower	2 borrowers	1 borrower	2 borrowers
10-year	\$5,520	\$4,800	\$6,500	\$5,780	\$9,100	\$8,200
15-year	\$4,160	\$3,670	\$4,920	\$4,340	\$6,840	\$6,220
20-year	\$3,570	\$3,080	\$4,200	\$3,700	\$5,860	\$5,320
Life	\$2,850	\$2,490	\$3,520	\$3,080	\$5,500	\$4,960

The monthly payout amounts are solely determined by the HKMC on a case-by-case basis and may be different from the above indicative levels.