

Press Release

Revisions of the Mortgage Insurance Programme

The Hong Kong Mortgage Corporation Limited (HKMC) announces today (Friday) that the following revisions will be made to the Mortgage Insurance Programme (MIP) so that the maximum MIP cover for eligible properties would be reduced from 90% LTV ratio to 80% LTV ratio, except for those first time homebuyers with regular salary and stronger repayment ability.

Currently, the HKMC provides MIP coverage for mortgage loans starting from 60% and 70% loan-to-value (LTV) ratio with a cap on the value of properties at HK\$6 million. Properties with value at or below HK\$4 million are eligible for the maximum MIP cover of 90% LTV. Properties with value above HK\$4 million and below HK\$4.5 million are eligible for MIP cover up to HK\$3.6 million, being 80-90% LTV, while properties with value at or above HK\$4.5 million are only eligible for the maximum MIP cover of 80% LTV. In view of the prudential supervisory measures for mortgage loans announced by the Hong Kong Monetary Authority today, the HKMC will suspend the applications of mortgage loans starting from 70% LTV, i.e. MIP coverage for eligible properties will start from 60% LTV.

The HKMC will also suspend applications of mortgage loans exceeding 80% LTV ratio for prudent risk management in view of the current market conditions. However, regular salaried first time homebuyers with a maximum debt-to-income ratio of 45% may still be eligible for the maximum MIP cover of 90% LTV.

The above revisions take effect immediately. However, for homebuyers who have executed the provisional sale and purchase agreement on or before 27

February 2015, their mortgage loan applications may be submitted by the MIP participating banks for processing in accordance with the existing scope and criteria of the MIP.

The Hong Kong Mortgage Corporation Limited

27 February 2015