Press Release

The Hong Kong Mortgage Corporation Limited

Home Owner Mortgage Enhancement (HOME) Programme

The Hong Kong Mortgage Corporation Limited (HKMC) announced today (21 July) the formal launch of the HOME Programme after completion of the legal documents. The HKMC signed the HOME Reinsurance Policy with Merrill Lynch Reinsurance Solutions Ltd. on 21 July. The HOME Insurance Policy has also been finalized and issued to the banks that have signed the Letter of Intent with the HKMC to join the HOME Programme.

The HKMC announced on 14 June the introduction of the HOME Programme on a pilot basis. The Programme provides mortgage insurance to cover a bank's credit exposure above 90% and up to 140% of the current value of the property at the time of refinancing. The HOME Programme aims to alleviate the financial burden of homeowners in negative equity and to provide an effective tool for banks to reduce the credit risk of mortgage loans with current loan-to-value ratio above 100%.

The signing of the HOME Insurance Policy and the HOME Reinsurance Policy marked the commencement of the HOME Programme. Starting from 22 July, the HKMC will process applications for HOME insurance coverage for banks that have signed the HOME Insurance Policy. The following 26 banks are the first batch of banks that have committed to join the HOME Programme:

American Express Bank
Asia Commercial Bank
Bank of America (Asia)
Bank of China (Hong Kong)
Bank of Communications
The Bank of East Asia
Chekiang First Bank
Chiyu Banking Corporation
CITIC Ka Wah Bank
Dah Sing Bank
Dao Heng Bank

DBS Kwong On Bank
Fortis Bank Asia HK
Hang Seng Bank
The Hongkong Chinese Bank
The Hongkong & Shanghai Banking Corporation
Industrial and Commercial Bank of China (Asia)
International Bank of Asia
Liu Chong Hing Bank
Nanyang Commercial Bank
ORIX Asia Limited
Overseas Trust Bank
Shanghai Commercial Bank
Standard Chartered Bank
Wing Hang Bank
Wing Lung Bank

Mr Peter Pang, Chief Executive Officer of the HKMC said, "to prepare for the launch of the HOME Programme, we have conducted a series of briefing and training sessions for the banks to help familiarize them with the application and claim settlement procedures. I would like to thank the banks for their support and hard work in the past few weeks to meet the very tight schedule of launching the Programme in order to enable the homeowners in negative equity to benefit from the new product at the earliest opportunity."

"The HOME Programme is now launched on a pilot basis. The HKMC will conduct a review of the Pilot Programme in three to six months time taking into account the demand for the product, the experience gained in the hedging arrangements and the feedback from banks and reinsurers in deciding on possible future expansion of the HOME Programme," added Mr Pang.

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