Press Release

"HKMC Retirement Solutions" Introduces New Product and Promotional Offers

The Hong Kong Mortgage Corporation Limited (HKMC) announced today (Wednesday) the launch of the Policy Reverse Mortgage Programme (PRMP) as a new product to its "HKMC Retirement Solutions", and introduced a series of offers to promote the new product together with the Reverse Mortgage Programme (RMP) and the HKMC Annuity Plan[1].

At today's "HKMC Retirement Solutions" Expo launch ceremony, Mr Raymond Li, Executive Director and Chief Executive Officer of the HKMC, said, "The company is committed to promoting the development of retirement planning market. In the past few years, we have launched the RMP and the HKMC Annuity Plan, which have collectively helped over 10,000 Hong Kong citizens turn their assets amounting to more than HK$20 billion into stable stream of income, so as to support their retirement lives. Today, we further introduce the PRMP as another tool available in the market which can provide retirees with immediate, stable and lifelong stream of income for enhancing the quality of their retirement lives."

The PRMP enables the borrowers to use life insurance policy as collateral to

[1] HKMC's subsidiaries include HKMC Insurance Limited and HKMC Annuity Limited. The RMP and the PRMP are operated by HKMC Insurance Limited. The HKMC Annuity Plan is operated by HKMC Annuity Limited.

draw down loans. The borrowers can opt to receive monthly payouts either over a fixed period of time or throughout their lifetime. They may also borrow lump-sum payouts for specific purposes. In general, the borrowers do not need to repay the loans during their lifetime. After they have passed away, the lenders will use the amount recovered from the death benefits of the life insurance policy to repay the loans.

"The payout calculation of this product is based on its death benefits instead of its cash value. In other words, the PRMP can meet people's retirement needs by converting assets, which supposed to be granted after death, into instant cash flows. It also possesses immediate, stable and lifelong features which are commonly shared by other products under the 'HKMC Retirement Solutions'," Mr Raymond Li added. The PRMP will open for applications from 30 May this year. Please refer to Annex A and B for its eligibility criteria, key features and costs.

Meanwhile, promotional offers will be introduced to further promote the "HKMC Retirement Solutions":

	RMP	**PRMP**
Promotional period	9/5/2019 – 8/11/2019	30/5/2019 – 8/11/2019
Offers*	Extra Cash Incentive: Where an application is submitted during the promotional period and the respective loan remains valid after the cooling-off period, the borrower will be entitled to a cash incentive equivalent to 1-month payout amount.	

	HKMC Annuity Plan
Promotional period	9/5/2019 – 8/11/2019
Offers*	1) Premium Discount for Existing Customers: If the existing customers[2] apply for the HKMC Annuity Plan during the promotional period, each of the qualifying policies will be eligible for a 2% premium discount. 2) Premium Discount for Friends and Family Members: If the existing customers[2] refer friends or family members to apply for the HKMC Annuity Plan during the promotional period, the qualifying policy of each referee will be eligible for a 1% premium discount. 3) Premium Discount for Group Purchase: If two or more customers apply for the HKMC Annuity Plan together during the promotional period, each of the qualifying policies will be eligible for a 1% premium discount.

* Terms and conditions apply

Furthermore, the maximum premium amount per person of the HKMC Annuity Plan will be increased to HK$3 million, which will take effect from 9 May this year. Increasing the maximum premium amount per person can raise the guaranteed monthly annuity payment to a higher level to support retirement living.

For enquiries, please call the HKMC Annuity Plan Hotline at (852) 2512 5000 or the RMP and the PRMP Hotline at (852) 2536 0136.

[2] An existing customer is either (i) a policyowner of an inforce policy issued by the HKMC Annuity Limited as at 8 May 2019; (ii) or a borrower of the RMP with the first drawdown of loan on or before 8 May 2019.

A two-day “HKMC Retirement Solutions” Expo is being held at MCP Central, Tseung Kwan O starting from today, with the support and participation of different organisations. In addition to the information about the “HKMC Retirement Solutions”, exhibitions and seminars on site also introduce services including age-friendly housing design, property agency services and daily life support such that visitors will find useful information to enable “Retirement Today Made Possible”.

The Hong Kong Mortgage Corporation Limited

8 May 2019

Annex A

Eligibility Criteria and Key Features of the PRMP

Applicant	▪ Must be aged 60 or above and a holder of a valid Hong Kong Identity Card, and must not be an undischarged bankrupt or otherwise subject to bankruptcy petition or individual voluntary arrangement
Number of borrower	▪ Only one borrower is allowed for each policy reverse mortgage loan
Collateral	▪ There is no limit on the number of policy reverse mortgage loans to be taken out by a borrower, but each loan can only have one life insurance policy as collateral ▪ The aggregate amount of death benefits of all life insurance policies assigned or to be assigned as collateral is capped at HK$15 million
Life insurance policy condition	▪ Must be taken out by borrower as both the policyholder and the insured ▪ Must be issued by an authorised insurer in Hong Kong ▪ Must be denominated in Hong Kong Dollars or United States Dollars ▪ Must not be subject to any restrictions or deductions on the payment of death benefit by the insurance company ▪ Must not be associated with any investment features ▪ Must have the premium fully paid up ▪ Must be assignable and not contain any restriction on change of beneficiary
Flexible payment term	▪ 10, 15 or 20 years or throughout entire life
Two options of interest rate plan	▪ Floating-rate mortgage plan: Hong Kong Prime Rate (P) minus 2.5% p.a. (currently 2.875%) ▪ Fixed-rate mortgage plan: Fixed Rate of 4.0% p.a. for the first 25 years and P minus 2.5% p.a. thereafter (Note: Hong Kong Prime Rate as announced by the HKMC from time to time)

<table>
<tr><td>Monthly payout amount</td><td>▪ The monthly payout amount is determined by borrower's age, gender, payment term and the death benefits of life insurance policy. Example: A male aged 65 who has a life insurance policy which contains HK$2 million death benefits:
<table>
<tr><td></td><td colspan="4">Monthly payouts</td></tr>
<tr><td>Payment term</td><td>10 years</td><td>15 years</td><td>20 years</td><td>Life</td></tr>
<tr><td>At floating rate</td><td>$4,393</td><td>$3,441</td><td>$3,036</td><td>$2,793</td></tr>
<tr><td>At fixed rate</td><td>$5,194</td><td>$3,998</td><td>$3,480</td><td>$3,157</td></tr>
</table>
(Note: The above monthly payout amounts are for illustration purpose only. The actual monthly payout amount for individual life insurance policies may vary)</td></tr>
<tr><td>Lump-sum payout</td><td>▪ Borrowers may apply to borrow lump-sum payouts for specific purposes such as payment for home improvement, repairs and maintenance of property and medical expenses, etc.</td></tr>
<tr><td>Six-month cooling-off period</td><td>▪ If the borrowers notify the lenders within the first six months and repay in full the outstanding loans, all mortgage insurance premiums will be refunded and waived</td></tr>
</table>

Annex B

Main Costs of the PRMP

Interest	▪ Charged by the lenders on the outstanding loan amount on a compound basis
Mortgage insurance premium	▪ The mortgage insurance premium is divided into two parts and the amount payable by the borrowers will be debited to the outstanding loan amount: (1) Upfront mortgage insurance premium – 1% of the specified policy value, payable by 5 annual instalments starting from the 1st until the 5th anniversary. Each annual instalment is calculated at 0.2% of the specified policy value (2) Monthly mortgage insurance premium – payable on a monthly basis at the annual rate of 1% of the outstanding loan amount
Legal fees	▪ Borrowers will be responsible for the legal fees for execution of the relevant legal documents and may choose to finance such legal fees in policy reverse mortgage loans



Photo Caption (1):

The "HKMC Retirement Solutions" Expo is a two-day event held at MCP Central, Tseung Kwan O. The launch ceremony was officiated by the management of the HKMC. (From left: Ms Tess Leung, Executive Director and Chief Executive Officer of HKMC Insurance Limited; Mr Raymond Li, Executive Director and Chief Executive Officer of the Hong Kong Mortgage Corporation Limited; and Mr Edmond Lau, Executive Director and Chief Executive Officer of the HKMC Annuity Limited)



Photo Caption (2):

The management of the Hong Kong Mortgage Corporation Limited attended the “HKMC Retirement Solutions” Expo launch ceremony together with exhibitors and bank representatives.



Photo Caption (3):

Various organisations were invited to participate in the "HKMC Retirement Solutions" Expo, exhibitions and seminars were there to provide information about “Retirement Today Made Possible”.