

# Residential mortgage loans in negative equity: End of June 2024

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority announced today (July 31) the results of its survey on residential mortgage loans (RMLs) in negative equity at end-June 2024.

The estimated number of RMLs in negative equity decreased to 30 288 cases at end-June 2024 from 32 073 cases at end-March 2024. These cases were mainly related to bank staff housing loans or RMLs under mortgage insurance programme, which generally have a higher loan-to-value ratio.

The aggregate value of RMLs in negative equity decreased to HK\$155 billion at end-June 2024 compared with HK\$165.3 billion at end-March 2024.

The unsecured portion of these loans decreased to HK\$10 billion at end-June 2024 from HK\$11.2 billion at end-March 2024.

The three-month delinquency ratio of RMLs in negative equity remained at a low level of 0.11 per cent at end-June 2024 as compared to 0.06 per cent at end-March 2024.

It is important to note that the figures derived from this survey relate only to RMLs provided by authorized institutions on the basis of first mortgages and which the reporting institution knows to be in negative equity (i.e. the outstanding loan amount with the reporting institution exceeds the current market value of the mortgaged property). Not included in these figures are RMLs associated with co-financing schemes which would be in negative equity if the second mortgages were taken into account. The extent to which such RMLs are in negative equity is not known because authorized institutions do not maintain records on the outstanding balances of the second mortgages.

The mortgage portfolios of the surveyed authorized institutions represent about 99% of the industry total. The survey results have been extrapolated to estimate the position of the banking sector as a whole.