

# Residential mortgage loans in negative equity: End of March 2022

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

The Hong Kong Monetary Authority announced today (April 29) the results of its survey on residential mortgage loans (RMLs) in negative equity at end-March 2022.

The estimated number of RMLs in negative equity increased to 104 cases at end-March 2022 from 21 cases at end-December 2021. These cases were 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 increased to HK\$610 million at end-March 2022 compared with HK\$126 million at end-December 2021.

The unsecured portion of these loans increased to HK\$12 million at end-March 2022 from HK\$2 million at end-December 2021.

Since the first quarter of 2011, there have been no RMLs in negative equity with delinquencies of more than three months.

It is important to note that the figures derived from this survey relate only to RMLs provided by authorised 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 authorised institutions do not maintain records on the outstanding balances of the second mortgages.

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