

Residential mortgage loans in negative equity September quarter 2018

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

The Hong Kong Monetary Authority announced today (October 31) the results of its latest survey on residential mortgage loans (RMLs) in negative equity.

Surveyed authorised institutions did not report any RMLs in negative equity at end-September 2018.

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.