

Residential Mortgage Survey Results for November 2023

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

The Hong Kong Monetary Authority announced the results of the residential mortgage survey for November 2023.

The number of mortgage applications in November increased month-on-month by 12 per cent to 6 000.

Mortgage loans approved in November decreased by 1.7 per cent compared with October to HK\$24.5 billion. Among these, mortgage loans financing primary market transactions increased by 10.1 per cent to HK\$6.2 billion and those financing secondary market transactions increased by 17.1 per cent to HK\$9.4 billion. Mortgage loans for refinancing decreased by 20.8 per cent to HK\$9 billion.

Mortgage loans drawn down during November decreased by 20.1 per cent compared with October to HK\$16.2 billion.

The ratio of new mortgage loans priced with reference to HIBOR decreased from 95.5 per cent in October to 94.6 per cent in November. The ratio of new mortgage loans priced with reference to best lending rates increased from 1.4 per cent in October to 1.5 per cent in November.

The outstanding value of mortgage loans decreased month-on-month by 0.04 per cent to HK\$1,857.5 billion at end-November.

The mortgage delinquency ratio increased slightly to 0.08 per cent and the rescheduled loan ratio remained unchanged at nearly 0 per cent.

Monetary Statistics for November 2023

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

According to statistics published today (December 29) by the Hong Kong Monetary Authority, total deposits with authorized institutions increased by 1.7 per cent in November 2023. Among the total, Hong Kong dollar deposits and foreign currency deposits increased by 0.5 per cent and 2.9 per cent respectively in November, mainly reflecting fund flows of corporates. In the year to end-November, total deposits and Hong Kong dollar deposits grew by 4.1 per cent and 1.7 per cent respectively. Renminbi deposits in Hong Kong

decreased by 0.5 per cent in November to RMB979.5 billion at the end of November. The total remittance of renminbi for cross-border trade settlement amounted to RMB1,169.7 billion in November, compared with RMB978.6 billion in October. It should be noted that changes in deposits are affected by a wide range of factors, such as interest rate movements and fund-raising activities. It is therefore more appropriate to observe the longer-term trends, and not to over-generalise fluctuations in a single month.

Total loans and advances decreased by 0.5 per cent in November, and decreased by 3.6 per cent in the year to end-November. Among the total, loans for use in Hong Kong (including trade finance) and loans for use outside Hong Kong decreased by 0.1 per cent and 1.5 per cent respectively in November. The Hong Kong dollar loan-to-deposit ratio decreased to 85.4 per cent at the end of November from 86.1 per cent at the end of October, as Hong Kong dollar deposits increased while Hong Kong dollar loans decreased.

Hong Kong dollar M2 and M3 increased by 0.6 per cent and 0.5 per cent respectively in November and both increased by 2.6 per cent when compared to a year ago. The seasonally-adjusted Hong Kong dollar M1 increased by 0.2 per cent in November while decreased by 14.0 per cent compared to a year ago, reflecting in part investment-related activities. Total M2 and total M3 both increased by 1.6 per cent in November. Compared to a year earlier, total M2 and total M3 both increased by 4.0 per cent.

As monthly monetary statistics are subject to volatilities due to a wide range of transient factors, such as seasonal and IPO-related funding demand as well as business and investment-related activities, caution is required when interpreting the statistics.

Designation of Domestic Systemically Important Authorized Institutions

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

The Hong Kong Monetary Authority (HKMA) has completed its annual assessment of the list of Domestic Systemically Important Authorized Institutions (D-SIBs). Based on the assessment results, the list of authorized institutions designated as D-SIBs remains unchanged compared to the list of D-SIBs published by the HKMA on December 30, 2022. The latest list of D-SIBs is shown in the Annex.

Under the D-SIB framework, each of the authorized institutions designated as a D-SIB will be required to include a Higher Loss Absorbency (HLA) requirement into the calculation of its regulatory capital buffers within a period of 12 months after the formal notification of its

designation. The HLA requirement applicable to a D-SIB (expressed as a ratio of an authorized institution's Common Equity Tier 1 (CET1) capital to its risk-weighted assets as calculated under the Banking (Capital) Rules) ranges between 1 per cent and 3.5 per cent (depending on the assessed level of the D-SIB's systemic importance). Compared to the list of D-SIBs published on December 30, 2022, there is no change to the HLA requirements applied to the designated D-SIBs.

Further details about the decision can be found on the HKMA website ([Systemically Important Authorized Institutions \(SIBs\)](#)).

Background

(1) D-SIB framework in Hong Kong

The Banking (Capital) Rules and the HKMA's regulatory framework for D-SIBs follow the provisions in "A framework for dealing with domestic systemically important banks" issued by the Basel Committee on Banking Supervision in October 2012, by enabling the Monetary Authority (i) to designate an authorized institution as a D-SIB if the Monetary Authority considers the authorized institution to be of systemic importance in the context of the Hong Kong banking and financial system and (ii) to require an authorized institution designated as a D-SIB to be subject to an HLA capital buffer.

The rationale for imposing an HLA requirement on D-SIBs is to reduce any probability of them becoming non-viable. This is considered both prudent and justified in view of the greater impact that they could have, in the unlikely event of their failure, on the domestic financial system and the local economy more broadly.

(2) HLA requirement for authorized institutions designated as D-SIBs

The Monetary Authority is empowered under sections 3U and 3V of the Banking (Capital) Rules to designate D-SIBs and to determine an HLA requirement for each of these D-SIBs by reference to the degree of domestic systemic importance which the Monetary Authority assesses them to bear. To achieve this aim, the HKMA's regulatory framework for D-SIBs provides for authorized institutions designated as D-SIBs to be allocated to different HLA "buckets". This differentiated approach reflects the diversified nature and varying degrees of systemic importance of authorized institutions in Hong Kong.

The designated D-SIBs must apply the HLA in the calculation of their regulatory capital buffers within 12 months of the formal notification of their designation. There are five HLA buckets in total ranging from 1 per cent to 3.5 per cent. While only the first four buckets (i.e. from 1 per cent to 2.5 per cent) have been populated so far, the framework includes an empty 3.5 per cent bucket to encourage D-SIBs to refrain from becoming even more systemically important.

The HLA applied to a D-SIB serves (together with the Countercyclical

Capital Buffer) as an extension of the Basel III Capital Conservation Buffer. Accordingly, if and when a D-SIB's CET1 capital ratio falls within the extended buffer range, the D-SIB will be subject to restrictions on the discretionary distributions it may make. The effect of this is that D-SIBs will be required to retain earnings in order to bolster their regulatory capital.

Fresh beef sample found to contain sulphur dioxide

The Centre for Food Safety (CFS) of the Food and Environmental Hygiene Department announced today (December 29) that a fresh beef sample was found to contain sulphur dioxide, a preservative which is not permitted to be used in fresh meat. The CFS is following up on the case.

A spokesman for the CFS said, "The CFS took the fresh beef sample from a fresh provision shop (FPS) at Chuk Yuen Market in Wong Tai Sin for testing under its routine Food Surveillance Programme. The test result showed that the sample contained sulphur dioxide at a level of 1 800 parts per million. The CFS is following up with the FPS concerned about the irregularity."

According to the Preservatives in Food Regulation (Cap. 132BD), it is an offence to add sulphur dioxide to fresh or chilled meat. The maximum penalty is a \$50,000 fine and six months' imprisonment.

Sulphur dioxide is a preservative which can be used in a variety of foods including dried vegetables, dried fruits, pickled vegetables and salted fish products, but under the Regulation it is not permitted in fresh or chilled meat. Individual meat traders have been found illegally using sulphur dioxide to make meat look fresher. Sulphur dioxide is water soluble, and most of it can be removed through washing and cooking. However, susceptible individuals who are allergic to this preservative may experience breathing difficulties, headaches and nausea after consumption.

The spokesman reminded the food trade to comply with the law and not to sell fresh or chilled meat adulterated with sulphur dioxide. Members of the public should purchase meat from reliable market stalls or fresh provision shops. They should avoid buying or consuming meat which is unnaturally red and maintain a balanced diet to avoid malnutrition or excessive exposure to chemicals from a small range of food items.

The CFS will continue to follow up on the case and take appropriate action. An investigation is ongoing.

Grading of beach water quality released

The Environmental Protection Department (EPD) today (December 29) released the latest grading of water quality for four gazetted beaches that are open all year round for swimming.

Three beaches were rated as Good (Grade 1) and one as Fair (Grade 2).

Grade 1 beaches are:

Clear Water Bay Second Beach Golden Beach
Deep Water Bay Beach

Grade 2 beach is:

Silverstrand Beach

Compared with the grading released last week, there was no change in the grading for these beaches.

Under the present grading system, beaches are classified into four grades, namely Good (Grade 1), Fair (Grade 2), Poor (Grade 3) and Very Poor (Grade 4), according to the level of E. coli in the water. Grades are calculated on the basis of the geometric mean of the E. coli counts on the five most recent sampling occasions.

While the ratings represent the general water quality at the beaches, an EPD spokesman reminded members of the public that water quality could be temporarily affected during and after periods of heavy rain. Bathers should avoid swimming at beaches for up to three days after a tropical cyclone or heavy rainfall.

A summary of beach grades is published weekly before the weekend. The latest beach grades based on the most current data may be obtained from the EPD's website on Beach Water Quality (www.epd.gov.hk/epd/beach) or the beach hotline, 2511 6666. Members of the public can also obtain the latest daily water quality forecast information for all beaches that are open for swimming through the Beach Water Quality Forecast mobile application (available for download from: www.epd.gov.hk/en/BWQApp) or the dedicated beach water quality forecast page (www.epd.gov.hk/en/BWQForecast) on the EPD's beach thematic website.