

**HKMA's prudential measures on loan-to-value ratio and debt-servicing ratio for property mortgage loans**  
**As of 22 February 2013**

**Table 1A: Maximum loan-to-value ratio (applicable to applicants without outstanding mortgage)**

| Property value | Residential properties                              |                                                   |                                         |                                                   | Commercial and industrial properties, standalone car park space |                                                   |
|----------------|-----------------------------------------------------|---------------------------------------------------|-----------------------------------------|---------------------------------------------------|-----------------------------------------------------------------|---------------------------------------------------|
|                | Self-use                                            |                                                   | Non-self-use or company held            |                                                   | Applicants' income mainly derived in HK                         | Applicants' income mainly derived from outside HK |
|                | Applicants' income mainly derived in Hong Kong (HK) | Applicants' income mainly derived from outside HK | Applicants' income mainly derived in HK | Applicants' income mainly derived from outside HK |                                                                 |                                                   |

**(A) Debt-servicing ratio (DSR)-based lending**

|                                      |                                                   |                                                   |     |     |                                                           |                                                           |
|--------------------------------------|---------------------------------------------------|---------------------------------------------------|-----|-----|-----------------------------------------------------------|-----------------------------------------------------------|
| < HK\$7 million                      | 70%<br>(subject to a loan cap of HK\$4.2 million) | 60%<br>(subject to a loan cap of HK\$3.5 million) | 50% | 40% | Commercial and industrial properties:<br>50% → <b>40%</b> | Commercial and industrial properties:<br>40% → <b>30%</b> |
| ≥ HK\$7 million but < HK\$10 million | 60%<br>(subject to a loan cap of HK\$5 million)   | 50%<br>(subject to a loan cap of HK\$4 million)   |     |     | <b>Standalone car park space:</b><br><b>40%</b>           | <b>Standalone car park space:</b><br><b>30%</b>           |
| ≥ HK\$10 million                     | 50%                                               | 40%                                               |     |     |                                                           |                                                           |

**(B) Net-worth-based lending**

|                              |     |  |  |  |                                                                                                                  |
|------------------------------|-----|--|--|--|------------------------------------------------------------------------------------------------------------------|
| Regardless of property value | 40% |  |  |  | Commercial and industrial properties:<br>40% → <b>30%</b><br><br><b>Standalone car park space:</b><br><b>30%</b> |
|------------------------------|-----|--|--|--|------------------------------------------------------------------------------------------------------------------|

\* New regulatory requirements after the latest round of prudential measures introduced on 22 February 2013 are marked in red for ease of reference.

**Table 1B: Maximum loan-to-value ratio (applicable to applicants with outstanding mortgage(s))**

| Property value | Residential properties                  |                                                   |                                         |                                                   | Commercial and industrial properties, standalone car park space |                                                   |
|----------------|-----------------------------------------|---------------------------------------------------|-----------------------------------------|---------------------------------------------------|-----------------------------------------------------------------|---------------------------------------------------|
|                | Self-use                                |                                                   | Non-self-use or company held            |                                                   | Applicants' income mainly derived in HK                         | Applicants' income mainly derived from outside HK |
|                | Applicants' income mainly derived in HK | Applicants' income mainly derived from outside HK | Applicants' income mainly derived in HK | Applicants' income mainly derived from outside HK |                                                                 |                                                   |

**(A) DSR-based lending**

|                                      |                                                   |                                                  |     |     |                                                                                                           |                                                                                                           |
|--------------------------------------|---------------------------------------------------|--------------------------------------------------|-----|-----|-----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| < HK\$7 million                      | 70%<br>(subject to a loan cap of HK\$4.2 million) | 50%<br>(subject to a loan cap of HK\$2.8million) | 50% | 30% | Commercial and industrial properties:<br>50% → <b>40%</b><br><br>Standalone car park space:<br><b>40%</b> | Commercial and industrial properties:<br>30% → <b>20%</b><br><br>Standalone car park space:<br><b>20%</b> |
| ≥ HK\$7 million but < HK\$10 million | 60%<br>(subject to a loan cap of HK\$5 million)   | 40%<br>(subject to a loan cap of HK\$3 million)  |     |     |                                                                                                           |                                                                                                           |
| ≥ HK\$10 million                     | 50%                                               | 30%                                              |     |     |                                                                                                           |                                                                                                           |

**(B) Net-worth-based lending**

|                              |     |  |  |  |                                                                                                           |  |
|------------------------------|-----|--|--|--|-----------------------------------------------------------------------------------------------------------|--|
| Regardless of property value | 30% |  |  |  | Commercial and industrial properties:<br>30% → <b>20%</b><br><br>Standalone car park space:<br><b>20%</b> |  |
|------------------------------|-----|--|--|--|-----------------------------------------------------------------------------------------------------------|--|

\* New regulatory requirements after the latest round of prudential measures introduced on 22 February 2013 are marked in red for ease of reference.

**Table 2A: Maximum debt-servicing ratio (applicable to applicants without outstanding mortgage)**

| Debt Servicing Ratio (DSR) | Residential properties                                                            |                                                   |                                         |                                                   | Commercial and industrial properties, standalone car park space |                                                   |
|----------------------------|-----------------------------------------------------------------------------------|---------------------------------------------------|-----------------------------------------|---------------------------------------------------|-----------------------------------------------------------------|---------------------------------------------------|
|                            | Self-use                                                                          |                                                   | Non-self-use or company held            |                                                   |                                                                 |                                                   |
|                            | Applicants' income mainly derived in HK                                           | Applicants' income mainly derived from outside HK | Applicants' income mainly derived in HK | Applicants' income mainly derived from outside HK | Applicants' income mainly derived in HK                         | Applicants' income mainly derived from outside HK |
| Base-DSR cap               | 50%                                                                               |                                                   |                                         |                                                   |                                                                 |                                                   |
| Stressed-DSR cap           | 60% based on 200 bps interest rate hike → 60% based on 300 bps interest rate hike |                                                   |                                         |                                                   |                                                                 |                                                   |

**Table 2B: Maximum debt-servicing ratio (applicable to applicants with outstanding mortgage(s))**

| Debt Servicing Ratio (DSR) | Residential properties                                                                  |                                                   |                                         |                                                   | Commercial and industrial properties, standalone car park space |                                                   |
|----------------------------|-----------------------------------------------------------------------------------------|---------------------------------------------------|-----------------------------------------|---------------------------------------------------|-----------------------------------------------------------------|---------------------------------------------------|
|                            | Self-use                                                                                |                                                   | Non-self-use or company held            |                                                   |                                                                 |                                                   |
|                            | Applicants' income mainly derived in HK                                                 | Applicants' income mainly derived from outside HK | Applicants' income mainly derived in HK | Applicants' income mainly derived from outside HK | Applicants' income mainly derived in HK                         | Applicants' income mainly derived from outside HK |
| Base-DSR cap               | 40%                                                                                     |                                                   |                                         |                                                   |                                                                 |                                                   |
| Stressed-DSR cap           | 50%<br>based on 200 bps interest rate hike → 50%<br>based on 300 bps interest rate hike |                                                   |                                         |                                                   |                                                                 |                                                   |

\* New regulatory requirements after the latest round of prudential measures introduced on 22 February 2013 are marked in red for ease of reference.

**Table 3: Summary of exemption arrangements**

**(A) Loan-to-value (LTV) ratio limit reduction**

| <b>Prudential requirement</b>                                                                                                                                                                                                                                                                                                         | <b>Exemption arrangements</b>                                                                                                                                                                                                                                                                                                                                                                     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| For applicants whose income is mainly derived from <b><u>outside</u></b> Hong Kong, the applicable LTV ratio limits will be <b><u>reduced</u></b> by:<br><br>(i) 10 percentage points for those <b><u>without</u></b> outstanding mortgage; and<br><br>(ii) 20 percentage points for those <b><u>with</u></b> outstanding mortgage(s) | Mortgage applicants will not be subject to the requirement if they can demonstrate having a close connection with Hong Kong, e.g.<br><br>(i) the applicants are seconded by local employers to work outside Hong Kong with documentary proof provided by the employers; or<br><br>(ii) the applicants' immediate family members (i.e. parents, spouse, and descendants) are residing in Hong Kong |

**(B) Debt-servicing ratio (DSR) limit reduction**

| <b>Prudential requirement</b>                                                                                                                                          | <b>Exemption arrangements</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| For applicants <b><u>with</u></b> outstanding mortgages, the applicable base-DSR limits and stressed-DSR limits will be <b><u>reduced</u></b> by 10 percentage points. | Mortgage applicants will not be subject to the requirement under the following circumstances:<br><br>(i) Applicants with <b><u>one</u></b> outstanding property under mortgage at the time of mortgage loan application and the new mortgage loan is for:<br><br>- financing the purchase of a new property as a replacement of the existing mortgaged property, and the outstanding mortgage loans of the existing property will be repaid in full within 6 months upon the drawdown of the mortgage loan for the new property;<br><br>- financing the purchase of a new self-use property <sup>#</sup> ;<br><br>- cash-out refinancing loans secured by the existing mortgaged property; or<br><br>- refinancing loans on the existing mortgaged property with no cash-out.<br><br>(ii) Applicants with <b><u>two or more</u></b> outstanding properties under mortgage at the time of mortgage loan application and the new mortgage loan is for refinancing loans on the existing mortgaged properties with no cash-out. |

<sup>#</sup> “Self-use” refers to occupancy by owners or their immediate family members (i.e. parents, spouse, children and siblings), or by the majority shareholder or his/her immediate family members if the property is held through a shell company.