

**Loan-to-value Ratio (LTV) caps and Debt Servicing Ratio (DSR) limits
for property mortgage loans with effect from 20 August 2020**

Table 1: LTV caps

Property value	Residential properties				Commercial and industrial properties, and car parks	
	Self-use		Non-self-use or company held			
	Applicants whose income is mainly derived		Applicants whose income is mainly derived		Applicants whose income is mainly derived	
	in HK	from outside of HK ¹	in HK	from outside of HK ¹	in HK	from outside of HK ¹
Applicants who have <u>not</u> borrowed or guaranteed other outstanding mortgage(s) at the time of making a mortgage application²						
DSR-based lending						
< HK\$10 million	60% (subject to a loan cap of HK\$5 million)	50% (subject to a loan cap of HK\$4 million)	50%	40%	50%	40%
≥ HK\$10 million	50%	40%				
Net worth-based lending						
Regardless of value	40%				40%	
Applicants who have borrowed or guaranteed other outstanding mortgage(s) at the time of making a mortgage application						
DSR-based lending						
< HK\$10 million	50% (subject to a loan cap of HK\$4 million)	40% (subject to a loan cap of HK\$3 million)	40%	30%	40%	30%
≥ HK\$10 million	40%	30%				
Net worth-based lending						
Regardless of value	30%				30%	

**Loan-to-value Ratio (LTV) caps and Debt Servicing Ratio (DSR) limits
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Table 2: DSR limits

	Residential, commercial and industrial properties, and car parks			
	Self-use^{3,4}		Non-self-use	
	Applicants' income mainly derived		Applicants' income mainly derived	
	in HK	from outside of HK¹	in HK	from outside of HK¹
Applicants who have <u>not</u> borrowed or guaranteed other outstanding mortgage(s) at the time of making a mortgage application²				
Base DSR limit	50%	40%	40%	30%
Stressed DSR limit (assuming a 300-basis point hike in interest rate)	60%	50%	50%	40%
Applicants who have borrowed or guaranteed other outstanding mortgage(s) at the time of making a mortgage application				
Base DSR limit	40%	30%	40%	30%
Stressed DSR limit (assuming a 300-basis point hike in interest rate)	50%	40%	50%	40%

Notes:

- 1 Applicants will not be subject to the reduction if they can demonstrate having a close connection with Hong Kong, e.g. they are seconded by local employers to work outside Hong Kong with documentary proof provided by the employers; or their immediate family members (i.e. parents, spouse and descendants) are residing in Hong Kong.
- 2 The limits are applicable to a borrower who has 1 property under mortgage and is making a mortgage application for either (i) refinancing; or (ii) acquiring a new property before disposing the existing one. In the latter case, the applicant has to repay the outstanding mortgage loan for the existing property within 6 months upon the drawdown of the mortgage loan for the new property.
- 3 "Self-use" refers to occupancy by the owners or their immediate family members (i.e. parents, spouse, children and siblings), or by an individual majority shareholder or his/her immediate family members if the property is held by a shell company.
- 4 The HKMA's countercyclical macroprudential measures are intended to apply to mortgage loans for the purpose of financing property transactions or the refinancing of existing properties. They are not intended to apply to credit facilities secured by properties for the purpose of financing the business operation of corporates, as these credit facilities are subject to a set of comprehensive credit underwriting standards and regular credit reviews by authorized institutions.