

Dah Sing Bank Invites Customer Applications for Fixed-Rate Mortgage Pilot Scheme

(Hong Kong, 7 May 2020) – Dah Sing Bank, Limited (the “Bank”) today announces that it will start accepting customer applications for the Fixed-Rate Mortgage Pilot Scheme (“Pilot Scheme”) with immediate effect. The Pilot Scheme was just launched by the Hong Kong Mortgage Corporation Limited (“HKMC”) to help mitigate financial risks for homebuyers arising from interest rate volatility.

Commenting on the Bank’s participation in the Pilot Scheme, Dah Sing Bank’s General Manager and Head of Banking Products Department, Mr. Mickey Tang, said, “We are very supportive of this new measure by HKMC. The Pilot Scheme offers homebuyers a risk mitigation option against interest rate volatility. Besides, as HKMA has already stated that applicants to the Pilot Scheme will not be required to meet any stress tests against interest rate rises, it does imply that the minimum income requirement for a given loan amount will be relatively lower even though the current debt-to-income ratio of up to 50% will still be applicable. Or to put in another way, a borrower may be able to obtain a higher total loanable amount for the same income level.” (Please see illustrative examples in the appendix.)

The Bank says that customers who are self-use homebuyers of private residential properties are eligible to apply for the Pilot Scheme from the Bank between now and 31 October 2020, subject to a maximum loan amount of up to HK\$10 million. Borrowers will have the choice of three tenor options at pre-determined per annum interest rates announced by HKMC, as follows:

Fixed Rate Tenor Options	Interest Rates (p.a.)
10 years	2.55%
15 years	2.65%
20 years	2.75%

The drawdown period for the said fixed-rate mortgage loans should be no later than 31 December 2020. At the end of the selected tenor option, borrowers shall be entitled to elect their mortgage rate either under the prevailing fixed mortgage rate, or convert their outstanding mortgages to a floating rate at Hong Kong Prime Rate minus 2.35% per annum. Prepayment penalties apply for early mortgage redemption within three years.

For enquiries and applications, customers may call the Bank's Direct Mortgage Sales Hotline on 2507 6888 for assistance.

To borrow or not to borrow? Borrow only if you can repay!

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About Dah Sing Bank

Dah Sing Bank, Limited is a wholly-owned subsidiary of Dah Sing Banking Group (HKG: 2356) which is listed on the Hong Kong Stock Exchange. Founded in Hong Kong over 70 years ago, Dah Sing Bank has been providing quality banking products and services to our customers with a vision to be "The Local Bank with a Personal Touch". Over the years, the Bank has been rigorous in delivering on our brand promise to grow with our customers in Hong Kong, the Greater Bay Area and beyond – ***"Together We Progress and Prosper"***. Building on our experience and solid foundation in the industry, the Bank's scope of professional services now spans retail banking, private banking, business and commercial banking. Meanwhile, the Bank is also making significant investments in our digital banking capabilities to stay abreast with smart banking developments in Hong Kong and to support financial inclusion at large.

In addition to its Hong Kong banking operations, Dah Sing Bank also has wholly-owned subsidiaries including Dah Sing Bank (China) Limited, Banco Comercial de Macau, and OK Finance Limited. It is also a strategic shareholder of Bank of Chongqing with a shareholding of about 15%. Dah Sing Bank and its subsidiaries now have around 70 branches operating in Hong Kong, Macau and Mainland China.

Appendix: Illustrative Examples for Fixed-Rate Mortgage Pilot Scheme (“Pilot Scheme”)

Since the borrowers of mortgages under the Pilot Scheme will not be required to meet stress tests against interest rate volatility, there are implications to minimum income requirements or maximum loanable amounts as illustrated in the examples below.

Example A: Comparison of Minimum Income Requirement for the Same Loan Amount

	Pilot Scheme Mortgage	Normal Residential Mortgage Plan
Property Value	HK\$10,000,000	
Loan-to-value Ratio	50%	
Loan Amount	HK\$5,000,000	
Loan Tenor	20 years	
Interest Rate (p.a.)	Fixed rate 2.75%	2.5% (P - 2.75%) ¹
Monthly Instalment	HK\$27,108	HK\$26,495
Minimum Income Required	HK\$54,300	HK\$57,400 (Required to meet the stress testing against interest rate rise)

Example B: Comparison of Maximum Loanable Amount on the Same Income

	Pilot Scheme Mortgage	Normal Residential Mortgage Plan
Borrower’s Income	HK\$54,300	
Property Value	HK\$10,000,000	
Max. Loan-to-value Ratio	50%	47%
Loan Tenor	20 years	
Interest Rate (p.a.)	Fixed rate 2.75%	2.5% (P - 2.75%) ¹
Max. Loan Amount	HK\$5,000,000	HK\$4,700,000
Down Payment	HK\$5,000,000	HK\$5,300,000

Note 1: Indicative interest rate based on prevailing market offer. As at 7 May 2020, Dah Sing Bank’s HKD Prime Rate is 5.25%.

IMPORTANT: Information presented above is for illustrative purpose only. Actual mortgage terms will vary from case to case depending on customer’s actual financial profile.