

The best housing finance institution
growing with the happiness of people.
Institution that improves the quality of life by
enhancing the housing welfare of people

Korea Housing Finance Corporation has contributed to enhancing welfare of people and developing national economy by promoting long term and stable supply of housing finance. And we have performed a crucial role in supporting the Korean government's housing finance policy since its establishment in 2004.

Looking ahead, we will provide the best housing finance service by utilizing our knowhow and professional knowledge to meet people’s expectations and fulfill the social responsibility as a public institution.



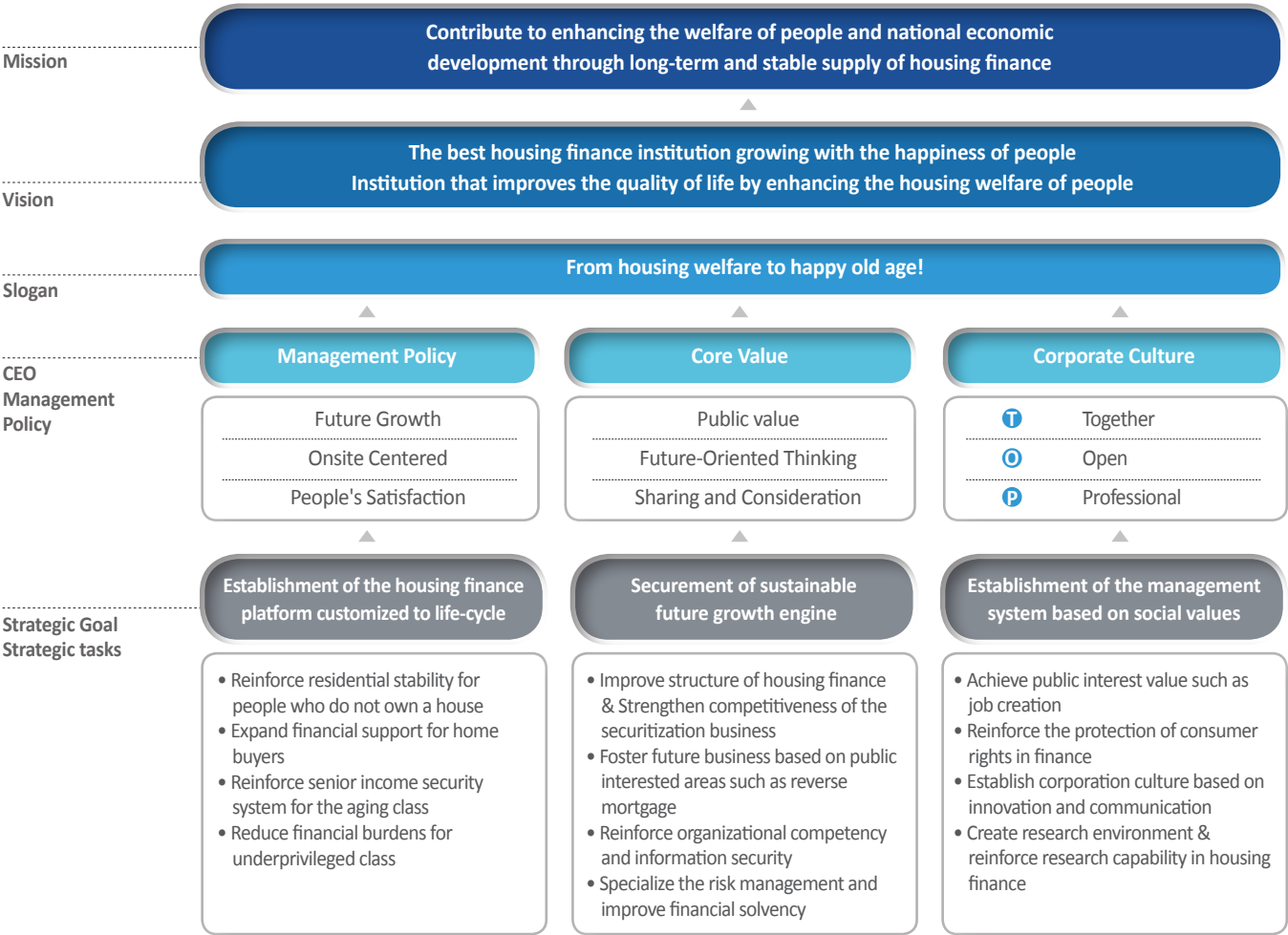
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Vision & Core Value

Vision

The value and strategy system of HF pursues the happiness for the people as the highest value of growth in corporation and embodies the commitment to become the best public institution that contributes to improving the quality of life of the underprivileged class.



Mid-Long Term Management Strategy: ‘Future Strategy 2027’

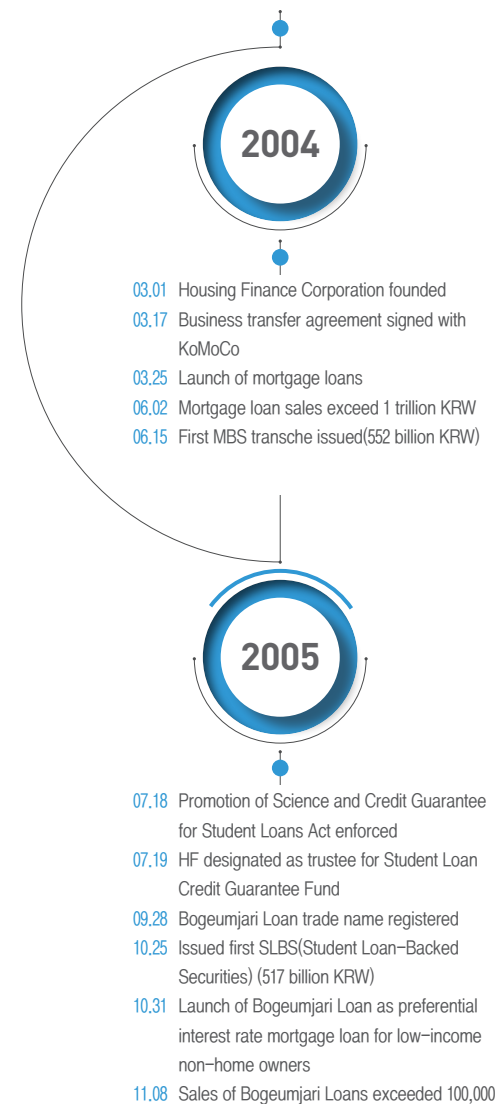
We have established a mid-long term management strategy in order to respond preemptively to the increase in volatility of global financial market and the reinforcement of government policies to support the underprivileged class and to secure sustainable future growth engine.

Future Strategy 2027 Goals

Supply Goal(Year 2027)	Details
Supply 179 trillion won for housing finance	<ul style="list-style-type: none">· Provide 30 trillion KRW in policy mortgages for the structural improvement of the quality of household debts· Issue 30 trillion KRW of collateralized securities to assist the procurement of a long term housing fund for financial institutions· Provide 39.5 trillion KRW in Chonseil deposit guarantees to offer housing stability for low and middle income families who do not own home· Provide 79.5 trillion KRW in Housing Reverse Mortgage for expanding financial support to secure the retirement of the elderly

History

SINCE 2004



Securitization Business

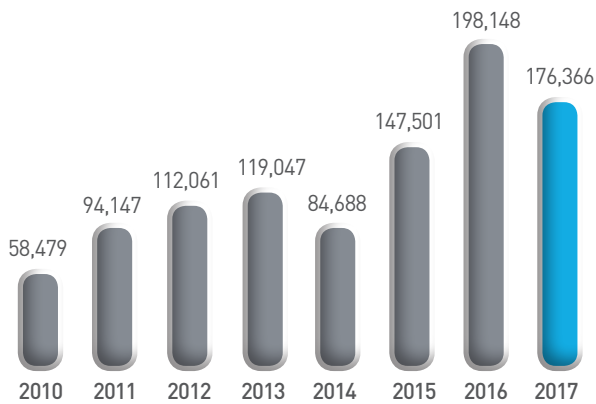
HF provides Bogeumjari Loans (long-term, fixed-rate amortized mortgage loans) to support the average Korean household with housing finance. We also issue mortgage-backed securities (MBS), contributing to the country's overall housing security and the advancement of Korea's housing finance system.



Provision of Bogeumjari Loan (including Didimdol Loan)

HF has introduced a long-term, fixed-rate and amortized mortgage product called Bogeumjari Loan to enhance the current Korean housing finance market which is dominated by adjustable-rate mortgage loans. We have provided Bogeumjari Loan (incl. Didimdol Loan) worth of KRW 121.8 trillion to more than one million households by 2017.

Bogeumjari Loan(incl. Didimdol Loan) (Unit: 100 million KRW)



2017 Average Bogeumjari Loan Borrower and Houses

Division		Average
Recipients	Age	41.5
	Annual Income	42 million KRW
Loan Type	LTV	57.1%
	DTI	25.9%
Collateral Information	House type	Apartment 92.8%
	House floor area	73.5m ²
	House price	250 million KRW

Provision of Conforming Loan

HF has supplied conforming loan of KRW 108.2 trillion to total 1,057,000 households until 2017 including the supply of conforming loan worth of KRW 12.6 trillion to 103,000 households in 2017.

What are Conforming Loans?

Conforming loans are long term, fixed rate amortized mortgage loans that conform to HF's requirements for mortgage-backed securitization (issuing MBS). Loans of up to 500 million KRW can be borrowed for a home valued up to 900 million KRW, which can be amortized over 5 to 30 years. As the amount of the loan is determined based on the income level of individual borrowers, and while being a fixed rate, the principal and interest rate are amortized over a long period of time without lump sum repayment at maturity, this loan structure is safe from housing market depression or financial crisis.

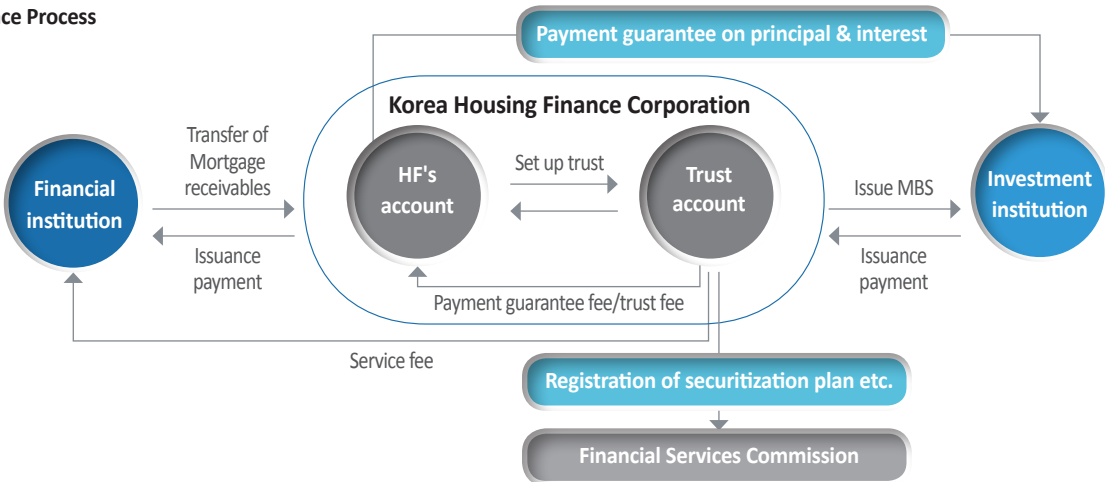
2017 Characteristics of Borrowers and Homes for Conforming Loans(Average)

Division		Average
Customer Information	Age	48
	CB grade	Grade 3
Loan Information	LTV	63.3%
	DTI	34.6%
Collateral Information	House type	Apartment 72.0%
	House price	250 million KRW

Mortgage-Backed Securities (MBS)

MBS(Mortgage Backed Securities) is a beneficiary securities that HF issues after taking over policy mortgage loans originated by financial institutions. HF guarantees timely payment of principal and interest to give investors more confidence in MBS.

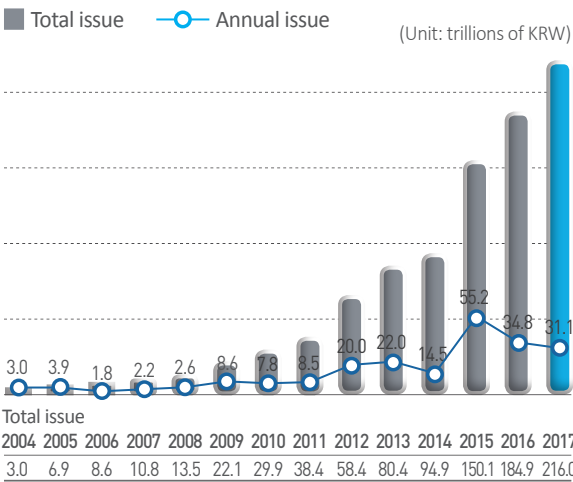
MBS Issuance Process



MBS Issuance Outline

Underlying assets	▪ Mortgage Loans (Bogeumjari Loan, Didimdol Loan, Conforming Loan, etc.)
Volume of issuance	▪ Around 1 trillion KRW
MBS issuer	▪ Entrusted by HF(trustee: HF)
Issuance structure	▪ HF guarantees payment of principal and interest for MBS ▪ Multiple tranches set with various maturities (Maturity Tranching) - 1yr, 2yr, and 3yr bonds are straight bonds (lump-sum payment at maturity) - 5yr, 7yr, 10yr, 15yr and 20yr bonds are callable bonds (partial consecutive exercise of call option every three months in order of shortest maturity: different grace period given to bonds per maturities)
MBS issuance conditions	▪ Fixed rate(interest rate on a treasury bond + spread) ▪ AAA-credit rating, public offering, publicly traded on the Korea Stock Exchange
Servicer	▪ Financial Institutions, HF

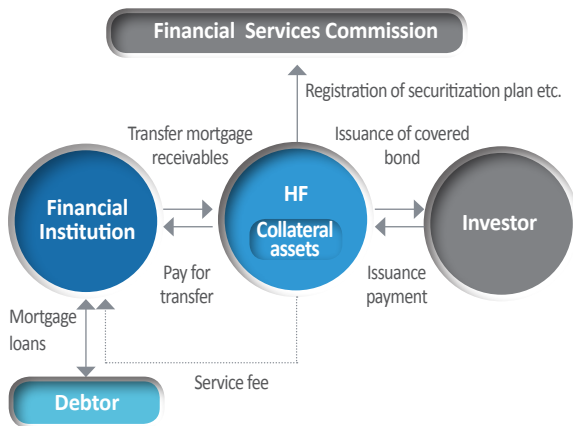
Annual MBS Issuance Trend



Covered Bond

Covered bonds, mainly promoted in Europe, are bonds issued by financial institutions as security for prime assets such as mortgage loans and public sector loans. Coverd bond holders will have a statutory priority right over the cover pool(mortgage loans), and the cover pool will be duly administered by cover pool monitor.

Covered Bond Issuance Process



Housing Finance Credit Guarantees

With the facilitation of housing finance through credit guarantee, the funds installed and managed to promote residential welfare of people have supported not only individual demander finance such as rental funds and purchasing funds but also supplier finance such as building and acquisition funds.



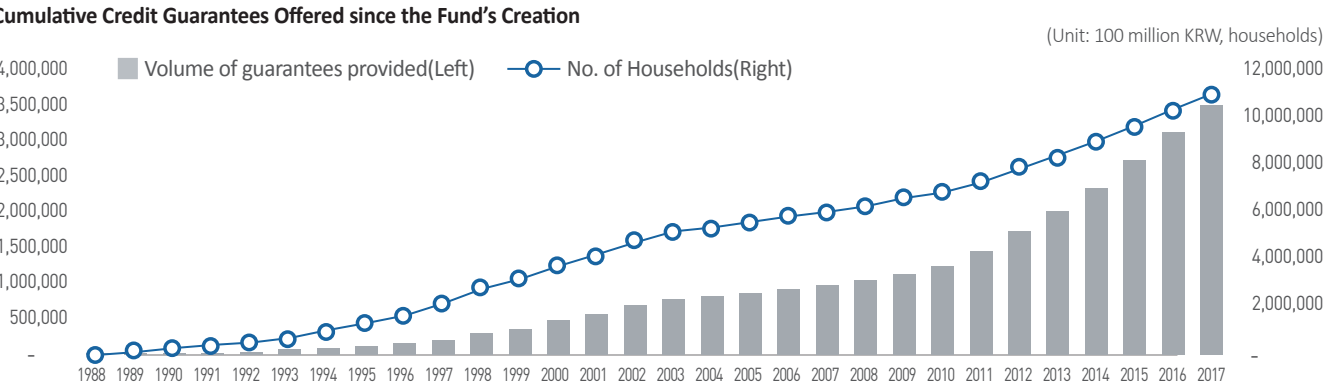
Provision of Housing Finance Credit Guarantees

Since the installation of the Housing Finance Credit Guarantee fund in 1988, total KRW 343.87 trillion of guarantees have been supplied to total 10.74 million households including KRW 305.85 trillion to 8.23 million households as individual guarantees and KRW 38.02 trillion to 2.51 million households as business guarantees.

Annual Provision of Credit Guarantee since HF's Establishment

(Unit: 100 million KRW)

Division	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Individual	31,321	41,657	35,870	44,787	58,564	87,040	111,402	200,351	268,255	255,159	308,780	354,230	376,842	344,600
House builder	7,195	6,397	5,344	6,102	9,039	9,505	3,501	6,349	7,331	10,649	9,992	20,542	24,131	22,077
Total	38,516	48,054	41,214	50,889	67,603	96,545	114,903	206,700	275,586	265,808	318,772	374,772	400,973	366,677



Main Customers of Housing Finance Credit Guarantees

The main customers of HF's individual credit guarantee program are individuals with an annual income of 30 million KRW or less, or a Credit Scoring System (CSS) grade of 6 or lower, and possessing a house up to 85m². And the main customers of HF's house builder guarantee program are small- and medium-sized construction firms whose financing abilities are relatively weak.

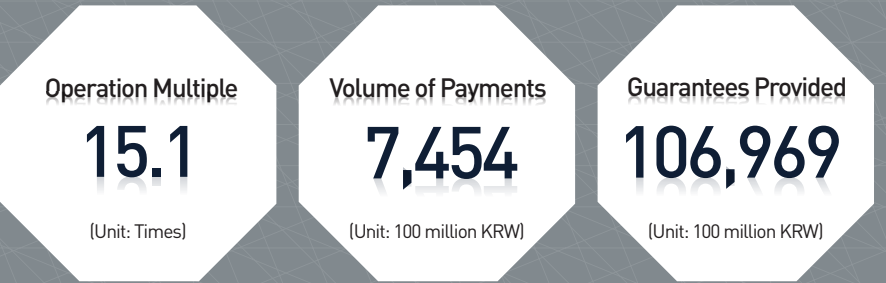
Main Customers of the Fund as end of 2017

(Unit: Cases, %)

Division		
Guarantees for individuals	Annual income of 30 million KRW or less	53.4
	CSS Grade of 6 or lower	21.6
	Homes no bigger than 85m ²	94.0
Guarantees for homebuilders	Small & medium-sized builders	99.2

Reverse Mortgage Guarantees [JooTaekYeonKeum]

HF accomplished the number of accumulative borrowers exceeding 51,000(February 2018) since the launch of the Reverse mortgage guarantees in July 2007. HF will contribute to housing stability of People by developing reverse mortgages reflecting needs of customers through accumulative know-how.



Introduction to JooTaekYeonKeum (Reverse Mortgage Guarantees)

JooTaekYeonKeum is a policy assured by HF for the livelihood and housing stability of seniors by lending retirement fund in the form of monthly pension in return for guaranteeing the house.

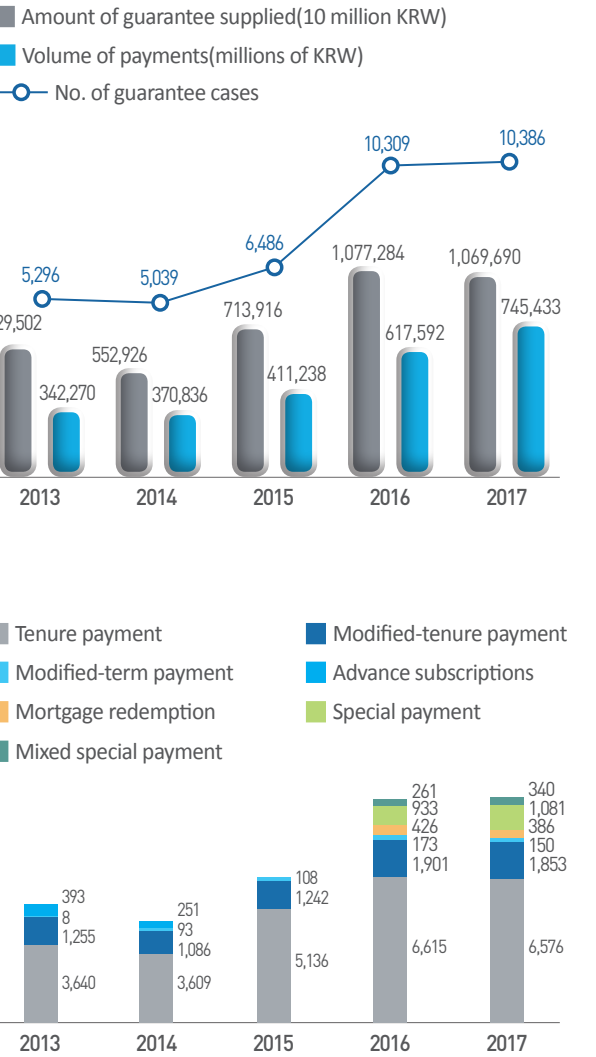
Product Benefits

Lifelong residence & lifelong payment	· Both borrower and spouse are guaranteed to receive monthly payments for lifetime.
Government guarantee	· Since the government guarantees the program; there is no risk of discontinuance of monthly payments.
Low interest rate	· Application of floating rate (3 month CD interest rate + 1.1%p or COFIX interest rate + 0.85%p), Lower interest rate than general mortgage loans
Lower initial cost	· Lower initial cost with exemption to registration tax, local education tax, special tax for rural development, and the purchase of national housing bond
Tax benefits	· 25% exemption of property tax (However, for houses over 500 million KRW, exempt 25% of property tax corresponding to 500 million KRW) · Income tax exemption on pension of up to 2 million KRW per year on loans interest cost

Users of Housing Reverse Mortgage

Division	
Average house price	287 million KRW
Average monthly payment	989,000 KRW
House type	Apartments 84.0%
Size	79.5% under 85m ²
Average age	71.9
By region	Metropolitan area : 71.1% The provinces : 28.9%

Provision Status of Reverse Mortgages



Global Housing Finance Network



Europe

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Finland
1. Municipality Finance Plc
2. Suomen Hypoteekkiyhdistys Mortgage Society of Finland
- 02

Sweden
Boverket
- 03

Estonia
KredEx
- 04

Denmark
1. BRFkredit a/s
2. Realkreditradet - Association of Danish Mortgage Banks
- 05

Lithuania
Mortgage Insurance Company of Lithuania
- 06

United Kingdom
1. Building Societies Association
2. Devonshire Solicitors
3. Financial Times
- 07

Germany
1. European Central Bank (ECB)
2. Association of Private German Bausparkassen
3. Association of Public German Bausparkassen
4. Deutsche Bank Bauspar AG
- 08

Belgium
1. International Union for Housing Finance (IUHF)
2. European Federation of Building Societies
3. European Mortgage Federation
4. European Covered Bond Council (ECBC)
- 09

Czech Republic
1. Association of Czech Building Savings Banks
2. Stavebni sporitelna Ceske sporitelny, a.s.(Bausparkasse of the Czech savings banks)
- 10

Slovakia
1. Prva Stavebna Sporitel'na a.s.
2. Wustenrot stavebna sporitel'na a.s.
- 11

Hungary
Fundamenta Lakassza Zrt.
- 12

France
French Savings Banks National Association(Federation Nationale des Caisses d' Epargne)
- 13

Austria
1. Raiffeisen Bausparkasse Gesellschaft mbH
2. S-Bausparkasse der osterreichischen Sparkassen
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Romania
BCR Banca pentru Locuinte S.A.

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Croatia
1. Prva stambena stedionica d.d.
2. Raiffeisen stambena stedionica d.d.
3. Wustenrot stambena stedionica d.d.
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Malta
Folkes
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Cyprus
Housing Finance Corporation
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Russia
1. Institute for Urban Economics
2. The Guild of National Cooperative Societies of Russia

Africa

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Algeria
Societe de Refinancement Hypothecaire
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Nigeria
Dunn Loren Merrifield Advisors Ltd.
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Uganda
Ecobank Uganda Ltd
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Kenya
Housing Finance Company of Kenya Ltd.
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Tanzania
Bank of Tanzania
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Zimbabwe
Central Africa Building Society

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Botswana
Botswana Building Society
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South Africa
1. African Union for Housing Finance
2. Bella Casa Housing Developments Ltd.
3. The Banking Association South Africa

Asia

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Palestine
1. Palestine Capital Market Authority (PCMA)
2. Palestine Mortgage and Housing Corporation (PMHC)
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Azerbaijan
Azerbaijan Mortgage Fund
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Kazakhstan
1. House Construction Savings Bank of Kazakhstan JSC
2. Kazakhstan Mortgage Company
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India
1. Dewan Housing Finance Corporation Ltd.
2. Housing Development Finance Corporation Ltd.
3. National Housing Bank
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Sri Lanka
National Savings Bank

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Mongolia
Mongolian Mortgage Corporation / MIK Co. Ltd.
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China
Beijing Housing Fund Management Center
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Thailand
1. Government Housing Bank
2. Secondary Mortgage Corporation
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Singapore
Housing and Development Board
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Hong Kong
1. Hong Kong Housing Authority
2. The Hong Kong Mortgage Corporation Limited (HKMC)
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Philippines
1. National Home Mortgage Corporation (NHMFC)
2. Home Development Mutual Fund, Pag-IBIG Fund
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Malaysia
Cagamas Berhad
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Myanmar
Construction and Housing Development Bank (CHDB)
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Indonesia
1. PT Sarana Multigriya Finansial (Persero)
2. Asian Secondary Mortgage Market Association(ASSMMA)

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Japan
1. Japan Housing Finance Agency
2. Ministry of Land, Infrastructure, Tranport and Tourism

Oceania

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Australia
Mortgage & Finance Association of Australia
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New Zealand
ANZ

America

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Canada
1. Canada Mortgage & Housing Corporation
2. Terra Housing Consultants International Ltd.
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United States of America
1. Government National Mortgage Association (GNMA)
2. Federal Home Loan Mortgage Corporation (FHLMC, Freddie Mac)
3. Federal National Mortgage Association(FNMA, Fannie Mae)
4. U.S. Department of Housing and Urban Development (HUD)
5. Federal Housing Finance Agency (FHFA)

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Jamaica
1. Caribbean Association of Housing Finance Institutions (CASHFI)
2. Jamaica Mortgage Bank
3. National Housing Trust
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Dominican Republic
Asociacion Popular de Ahorrosy Prestamos

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Saint Lucia
St. Lucia Mortgage Finance Co. Ltd.
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Brazil
Veplan

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Peru
Inter-American Housing Union (UNIAPRAVI)
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Chile
Conavicoop

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