

The best housing finance institution that grows along with the happiness of the people

2020 PROFILE



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Please visit HF IR website for more information.
www.hf.go.kr



About HF



Corporate Overview

Established on March 1, 2004, pursuant to the Korea Housing Finance Corporation Act (Law No. 17637), HF aims to promote the long-term, stable supply of housing finance and thereby contribute to the welfare of the people and the development of the national economy.

Type of Organization	Competent Authority
Fund-management-based quasi-governmental institution	Financial Services Commission

Capital and Fund

As of year-end 2020, HF retains USD 1.8 billion in capital and USD 7.2 billion in the Housing Finance Credit Guarantee Fund (the “Fund”).



Main Business Areas

HF works in four main business areas to improve housing welfare for the public and reinforce the residential safety net for vulnerable social groups.



Vision and Core Values

With the highest priority on the housing welfare of low-to-moderate income households, HF is committed to becoming the best housing finance institution that can promote the quality of life and happiness of the people.

Mission

Contribute to national welfare and economic development through the long-term, stable supply of housing finance

Vision

The best housing finance institution that grows along with the happiness of the people
An institution that improves quality of life by enhancing the housing welfare of low-to-moderate income households

Core Values



Public good



Future-oriented thinking



Sharing and compassion

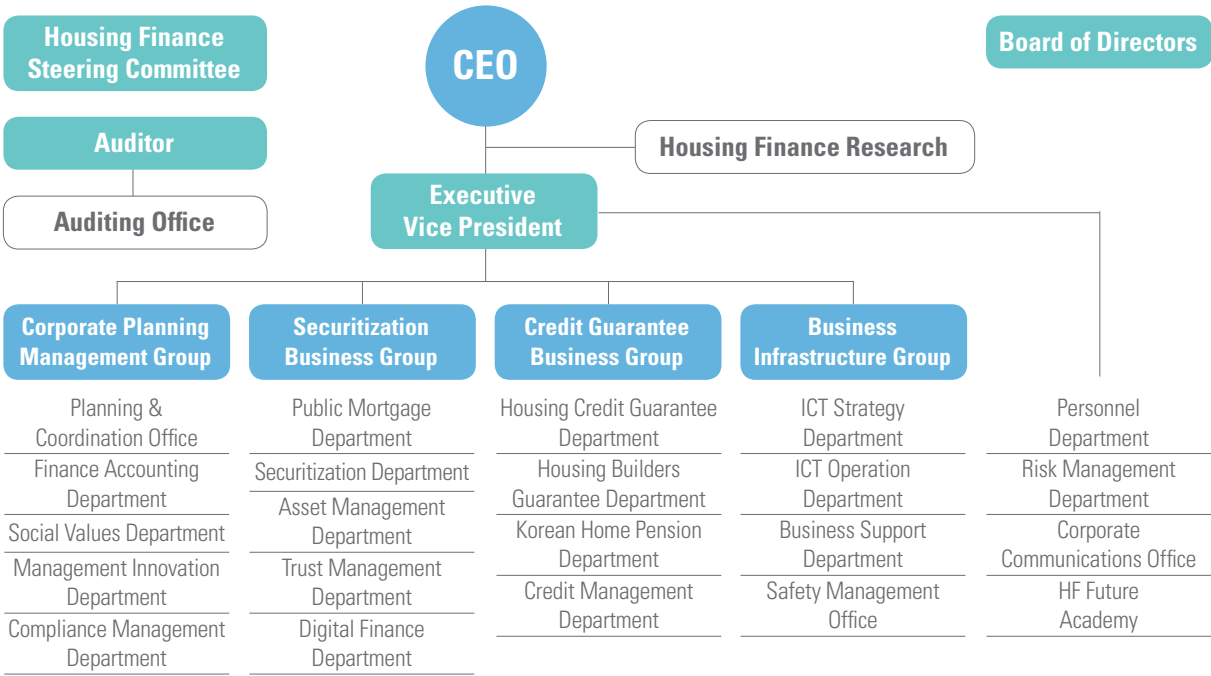
Strategic Goals

Advance the housing finance platform tailored to the life cycle	Strengthen the sustainable future growth engine	Enhance expertise in housing finance	Lead implementation of social values
Support residential stability for non-homeowners	Foster housing business of the future	Establish talents fostering system	Create jobs & build a base for mutual prosperity with local communities
Expand housing financing support for homebuyers	Implement non-contact digital innovation	Promote corporate culture of cooperation & communication	Build inclusive social safety net to support the disadvantaged, etc.
Reinforce income security for seniors	Advance risk management system	Build digitalization infrastructure & enhance information security	Advance management system based on social values

Strategic Tasks

Organization & Staff

HF consists of four groups, 24 departments (four offices, 18 departments, one research institute, 1 Future Academy), and 26 branches. HF head office is located in the Busan International Finance Center (BIFC) in Munhyeon-dong, Nam-gu, Busan.



Branches

※ As of May 2021

(Eastern Seoul Metropolitan Area)	Seoul Jungbu / Seoul Nambu / Seoul Bukbu / Seoul Dongbu / Gangwon Dongbu / Gangwon Seobu
(Western Seoul Metropolitan Area)	Seoul Seobu / Incheon / Gyeonggi Nambu / Gyeonggi Jungbu / NPL Center
(Southeastern Area)	Busan / Busan Seobu / Daegu / Ulsan / Gyeongbuk / Gyeongnam Dongbu / Gyeongnam Seobu / Jeju
(Southwestern Area)	Gwangju / Daejeon / Sejong / Chungbuk / Chungnam / Jeonbuk / Jeonnam

HF has recently undertaken organizational restructuring to reinforce our core expertise and organizational capacity and eliminate blind spots in our public financial services. Digital Finance Department was newly established, enabling underwriting process and complete non-contact provision of public mortgages, regardless of customer location. In addition, HF Future Academy has been opened to foster talents with housing finance expertise.

Workforce

HF has a total of 790 employees, including seven executives and 783 full-time permanent employees.

(Unit : Persons)

Employees by Job Grade

Job Grade	1 st Grade	2 nd Grade	3 rd Grade	4 th Grade	5 th Grade and Below	Other Positions	Total
Number	15	50	131	232	345	10	783

※ The table above is based upon HF permanent employee information filed on the All Public Information In-One (ALIO) system (as of Q4 2020).

History

2004

- 2004. Mar. 01 Korea Housing Finance Corporation established
- 2004. Mar. 25 Launched Bogeumjari Loan
- 2005. Oct. 31 Unveiled the preferred-rate Bogeumjari Loan program for low-income non-homeowners
- 2006. Jun. 29 Launched e-Mortgage Loan
- 2007. Jul. 12 Launched reverse mortgage scheme, Korean Home Pension
- 2008. Sep. 30 Reached 1,000 Korean Home Pension subscribers
- 2009. Sep. 30 Unveiled a mortgage-MBS swap program to offer greater liquidity for financial institutions
- 2009. Nov. 16 Acquired ratings from global credit rating agencies (A2 by Moody's and A by S&P)
- 2010. Jun. 21 Launched U-Bogeumjari Loan
- 2010. Jul. 15 Issued 1st US dollar-denominated covered bond (USD 500 million)
- 2011. Aug. 23 Granted a patent for the u-Bogeumjari Loan underwriting system
- 2012. Mar. 09 Launched Conforming Loan to support a soft landing for household debt
- 2012. Aug. 07 Surpassed 10,000 Korean Home Pension subscribers
- 2013. Jun. 01 Implemented a prior subscription system for the Korean Home Pension
- 2013. Nov. 18 Issued electronic short-term bonds, the first for a public corporation
- 2014. Jan. 02 Launched Didimdol Loan for first-time home buyers
- 2014. Mar. 19 Launched Akkim e-Bogeumjari Loan
- 2014. Dec. 19 Relocated the head office to BIFC in Busan
- 2015. Jan. 02 Launched guarantees for monthly rental loans
- 2015. Mar. 05 Reached KRW 100 trillion (USD 90.9 billion) in MBS issuance
- 2015. Mar. 24 Released Relief Conversion Loan
- 2015. Dec. 31 Opened the integrated MBS disclosure portal K-MBS
- 2016. Apr. 25 Launched three types of NaeJibYeonKeum
- 2016. Nov. 25 Issued 1st Pass-Through MBS

U-Bogeumjari Loan
was launched



BIFC
headquarters Relocated



USD 90 B
MBS issuance



2015

2017

Excellence
in anti-corruption



Home Pension
70,000
Subscribers



2020

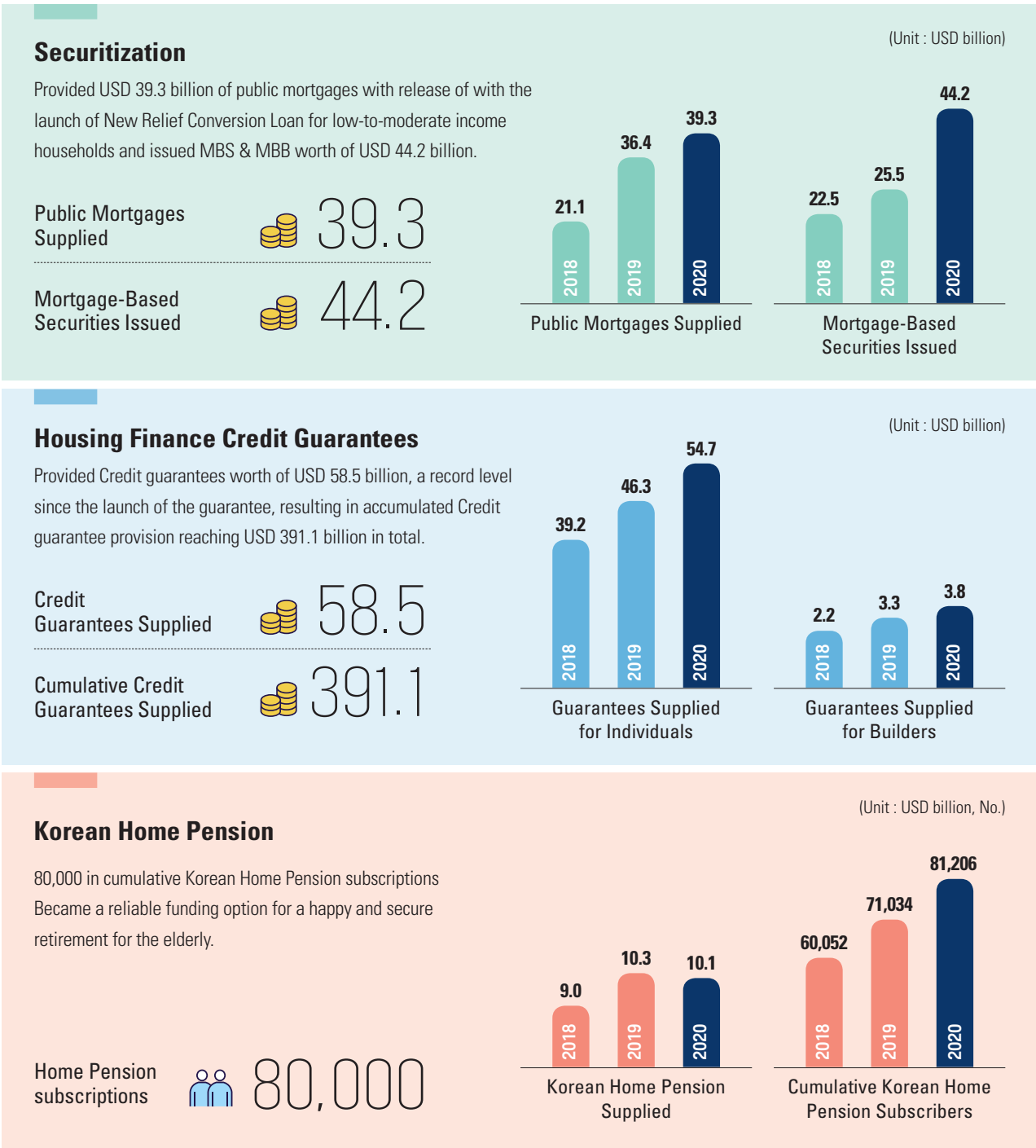
Best Award
for SV CB
3 consecutive yrs



- 2017. Apr. 17 Supply of conforming Loans reached KRW 100 trillion (USD 90.9 billion) milestone
- 2017. May 11 Launched Non-Recourse Didimdol Loan
- 2017. Nov. 16 Released non-contact Guarantee for Jeonse loans
- 2017. Dec. 06 Ranked first in the integrity assessment of public institutions and selected for excellence in anti-corruption efforts for the eighth consecutive year
- 2018. Feb. 13 Selected for excellence in anti-corruption efforts by Anti-Corruption & Civil Rights Commission
- 2018. Feb. 27 Won Presidential Prize for anti-corruption efforts
- 2018. Apr. 24 Released Bogeumjari Loans for newlywed couples and families with multiple children
- 2018. May 31 Launched Deonaemun Bogeumjari Loan and Non-Recourse Bogeumjari Loan
- 2018. Oct. 30 Issued Asia's 1st Euro Social Covered Bond
- 2018. Dec 26 Released Jeonse loan Guarantee for social values
- 2019. May 27 Honored as an exemplary case of gender equality employment practices (Minister of Employment and Labor's Award)
- 2019. May 27 Launched guarantees for Jeonse and Monthly Rental loans for Young People
- 2019. Sep. 03 Hosted 6th AFIS Conference and ASMMMA General Assembly
- 2019. Sep. 11 Received Excellence Award at the Board of Audit and Inspection's Internal Audit Matters Contest
- 2019. Sep. 16 Launched New Relief Conversion Loan for low-to-moderate income households
- 2019. Nov. 07 Awarded KOSTAT Commissioner's prize for the best statistical data dissemination and application practices
- 2019. Nov. 19 New Relief Conversion Loan for low to moderate income groups selected as exemplary case of proactive administrative service (Encouragement Prize)
- 2019. Dec. 12 Selected as an exemplary case of blind hiring (Minister of Economy and Finance's Prize)
- 2019. Dec. 23 Reached 70,000 Korean Home Pension subscribers
- 2020. Jan. 17 Received Asia's Best Issuer for Sustainable Finance & the Best Covered Bond Awards (The Asset)
- 2020. Mar. 13 Attracted foreign investment (Singapore UOB, KRW 300billion), for the first time as a MBS issuer in Korea
- 2020. Apr. 01 Alleviated the eligibility criteria for Korean Home Pension by lowering the age threshold to 55
- 2020. Apr. 10 Opened Gyeongbuk branch
- 2020. Jun. 30 Issued Covid-19 linked social covered bonds, the first of its kind outside of Europe
- 2020. Jul. 06 Released Jeonse Jikim Guarantee (for return of the Jeonse Deposit)
- 2020. Sep. 18 Opened HF Future Academy
- 2020. Oct. 13 Issued MBS with 30 years of maturity, the first of its kind
- 2020. Oct. 29 Released Jeonse Guarantee with partial installment payment
- 2020. Dec. 04 Selected as an exemplary case of fair & blind hiring (Minister of Education's Prize)
- 2020. Dec. 08 Alleviated the eligibility criteria for Korean Home Pension by increasing the house price cap and allowing residence studio flats as collateral
- 2020. Dec. 09 Received the Advancement Award at the Board of Audit and Inspection
- 2020. Dec. 10 Selected as institute of merit in protecting vulnerable elderly (Recognition from the Minister of Health & Welfare)
- 2020. Dec. 14 Won a grand award at the 15th Korea Social Contribution (Recognition from the vice-chairman of the National Assembly)
- 2020. Dec. 22 Received Asia's Best Social Value Bond Award for three consecutive years (The Asset)
- 2020. Dec. 30 Selected as an institute of merit in job creation for the elderly in the year of 2020 (Recognition from the Mayor of Busan Metropolitan city)

2020 Highlights

Facts and Figures



Bogeumjari Loan Benefits for Newlyweds and Multi-Child Families		
Regular Bogeumjari Loan	Income Limit	USD 64,000
	Loan Limit	USD 273,000
Bogeumjari Loan for Newlyweds	Income Limit	USD 77,000
	Loan Limit	USD 273,000
Bogeumjari Loan for Multi-Child Families	Income Limit	(1 child) USD 73,000
		(2 children) USD 82,000
		(3 or more children) USD 91,000
	Loan Limit	(3 or more children) USD 364,000

As the rise of single-person households, later marriages, and the low birth rate have become major social concerns, HF has launched the Bogeumjari Loan for Newlyweds and Multi-Child Families in 2018 to relieve the housing cost burden on these two target households. Tailored to meet their specific economic conditions, the loan offers additional preferential interest rate, in addition to more lenient income requirements and increased loan limits. In 2020 year alone, HF served 51,000 newlywed couples and 26,000 multi-child families with Bogeumjari Loans, offering preferential terms in interest rate, income requirement and the loan limit. In addition, HF has launched the DeoNaEun Bogeumjari Loan in 2018 to protect borrowers who are relatively vulnerable to interest rate risks as housing market volatility has expanded. Under the DeoNaEun Bogeumjari Loan scheme, those on a non-bank lender’s floating-rate, bullet-payment mortgage loan can switch to HF’s long-term, fixed-rate, amortized mortgage loans. With the new loan, HF allows them to repay their high-rate non-bank mortgage loan with its low-rate Bogeumjari Loan, easing their burden of repayments to non-bank mortgage lenders, especially at a time of rising interest rates. In particular, HF allows borrowers to repay a portion of their principal at the maturity date to lessen their monthly repayment burden and also eases the LTV and DTI ratio requirements to the range of 90% and 70%, respectively, in consideration of the high LTV and DIT loans of non-bank lenders. Furthermore, HF first adopted the DSR¹⁾ ahead of the banking sector to manage the total amount of household debt. It also proactively introduced and implemented the New DTI²⁾ in January 2018, which has now become a benchmark to assess lending risk across the entire financial sector. At the same time, HF flexibly adjusts public mortgage rates, providing lower rates than those of commercial banks and, as a result, contributing directly and indirectly to

reducing mortgage borrowing costs for low-to-moderate income households. In 2020, the average age of Bogeumjari and Didimdol Loan borrowers was 44 years old. Their average annual income was around USD 41,000, revealing that the loans are mostly used by low-to-moderate income groups. Most of the mortgages(87.7%) were used to purchase apartment units, whose average size is 75.5m², smaller than the nation’s standard housing size of 85m². This shows that the Bogeumjari Loans were offered mainly to homebuyers with residential purpose.

Bogeumjari Loan Borrowers and Their Housing Characteristics in 2020

Borrower Information	Age	44 years old
	Annual Income	Approx. USD 41,000
Loan Information	LTV	56.3%
	DTI	22.9%
Collateral Information	House Type	Apartment 87.7%
	House Area	75.5m ²
	House Price	Approx. USD 236,000

1) DSR(Debt Service Ratio) = {(Annual repayment amount of principal and interest of mortgage loan+Annual repayment of principal and interest of other debts)/Annual income} × 100

2) New DTI = {(Annual repayment amount of principal and interest of all mortgage loans+estimated repayment amount of interest of other debts)/ Annual income(confirm the income of 2 years)} × 100

Provision of Conforming Loans

Until 2012, most mortgages were floating-rate and bullet payment loans, meaning that any rate moves would put a greater burden on borrowers. To address this, HF unveiled the Conforming Loan, a long-term, fixed-rate mortgage loan designed to resolve the structural problem of the nation’s mortgage market. Since its launch in March 2012, the Conforming Loan scheme has contributed significantly to improving the structure of the Korean mortgage market.

The Conforming Loan is a long-term, fixed-rate, and amortized mortgage loan that conforms to a certain set of criteria set by HF for purchase and securitization. Lending institutions may freely determine the name, rate, and other terms of the loans and sell them to the extent that they satisfy the criteria. Borrowers can take out a loan of up to USD 455,000 for houses worth USD 818,000 or less and repay the loan over a maximum of 30 years in installments. Given that the loan amount is determined by the borrower’s income level and that the loan is repaid in installments over a long period of time at a fixed rate, the Conforming Loan is a loan option that offers safety from a potential housing market recession or even a financial crisis. With provision of USD 3.9 billion of conforming loans to 2.3million households in 2020, the total conforming loans accumulated reached USD 116.3 billion for around 1.19 million households since the launch. The numbers demonstrate that HF has promoted an encouraging structural move in the nation’s household debt towards long-term, fixed-rate, and amortized loans. According to statistics on the use of Conforming Loans in 2020, the loans were provided mainly to middle-class borrowers in their 40s, with the average age at 46 and the average home value at USD 382,000. Their average LTV and DTI stood at 56.0% and 32.1% respectively, indicating that the loan structure is also relatively stable.

Conforming Loan Borrowers and Their Housing Characteristics in 2020

Borrower Information	Age	46 years old
Loan Information	LTV	56.0%
	DTI	32.1%
Collateral Information	House Type	Apartment (97.0%)
	House Price	Approx. USD 382,000

Issuance of Mortgage-Backed Securities (MBS)

The principal purpose of HF’s securitization business is to raise funds for long-term, fixed-rate, and amortized mortgages from the capital markets by issuing mortgage-backed securities, thus

enhancing the housing welfare of low-to-moderate income households. Under its securitization structure, HF takes over mortgage loans originated by financial institutions, transfers them to the Trust for perfection against third parties, and bundles them into beneficiary securities. Given that MBS yields vary depending on their performance under the Trust Act, HF guarantees principal and interest payments to ensure stability in mortgage payments to MBS holders and attract more investors. Until 2019, HF issued MBS in eight tranches with maturities of one year to 20 years. With issuance of MBS with 30 years of maturity in Oct 2020, the number of MBS tranches HF issues totaled at 9. Considering the nature of the cash flow of mortgage loans, securities with a maturity of five years or longer are given call options. This MBS is recognized as a very safe investment option thanks to HF’s payment guarantee and the indemnity clause of the Korea Housing Finance Corporation Act. In 2020, HF regularly issued MBS 39 times in the combined amount of USD 42.4 billion. As the government took more stringent measures against rising household debt, eligibility requirements for home loans were tightened. However, the supply of public mortgages for financially-vulnerable groups expanded, driving up the volume of MBS issued for the year to substantially greater than that of the previous year with USD 24.9 billion (total 28 times of issuance).

Overview of MBS Issuance

Underlying Assets	• Mortgage loans (Bogeumjari, Didimdol, and Conforming Loans)
Amount Issued	• Approx. USD 1.4 billion (Pass-Through MBS : approx. USD 0.6 billion)
Issuer	• HF Trust (Trustee : HF)
Issuance Structure	• HF guarantees full principal and interest payments for senior MBS. • Multiple maturity tranching - Tranches of 1, 2, and 3 years: lump-sum repayment at maturity - Tranches of 5, 7, 10, 15, 20 and 30 years: Partial call option for every three months sequentially from the shortest maturity tranches; grace period offered to each tranche
Issuance Conditions	- Fixed-rate (interest rate on Korea Treasury Bonds + spread) - AAA credit rating, public offering, and listing on Korea Exchange (KRX)
Mortgage Servicers	- Financial institutions and HF

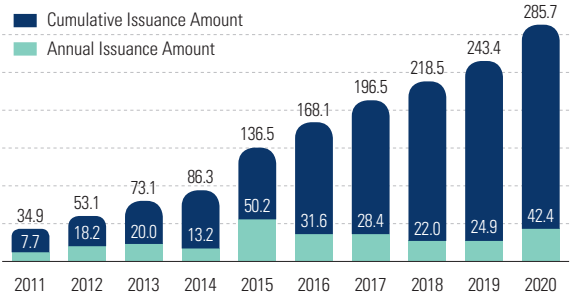
As of the end of 2020, HF MBS saw its cumulative issuance amount and outstanding balance reach approx. USD 285.5 billion and USD 129.1 billion, respectively, becoming one of the top three bonds in the domestic market after Korea Treasury Bonds and Monetary Stabilization Bonds.

HF determines the MBS issuing rate by adding a spread to the benchmark treasury bond yield. In 2020, the spread went up by 16.4 bp year on year due to increased volatility in financial markets on the back expanded supply of New Relief Conversion Loans and Covid-19 pandemic.

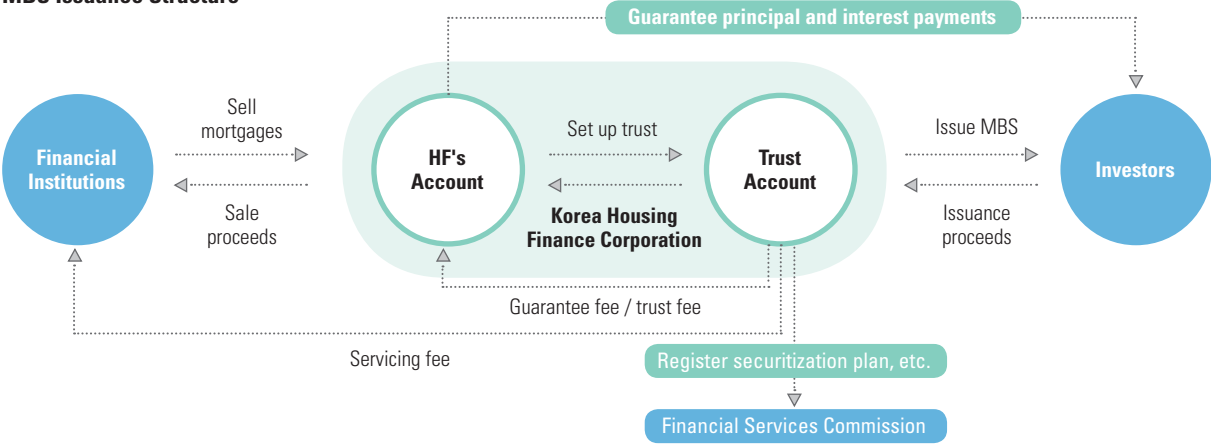
In particular, 65.9%, or USD 27.9 billion, of the MBS issued for the year were mid-to long-term securities with maturities of five years or longer, satisfying the investment appetite of banks, pension funds, and mutual finance businesses and, thereby, revitalizing the domestic long-term bond market.

In addition, HF issued USD 8.3 billion of pass-through MBS in 2020, spanned over 13 times, recording total accumulative issuance

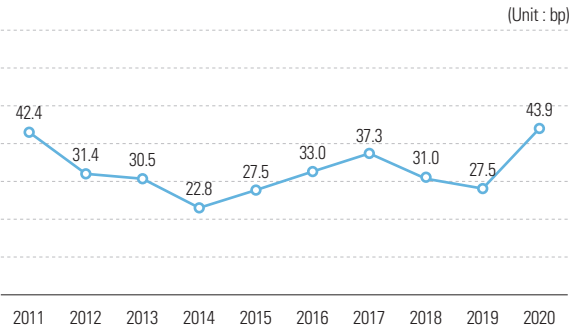
MBS Issuance Trends by Year (Unit : USD billion)



MBS Issuance Structure



Trends in the Weighted Average Spread of MBS



MBS Investments by Maturity and Investor in 2020

(Unit : USD billion, %)

Classification	Short-Term MBS (1 to 3 yrs)	Medium-Term MBS (5 to 7 yrs)	Long-Term MBS (10 to 20 yrs)	Total
Banks	9.0	9.5	2.1	20.6 (48.7)
Pension Funds	0.8	3.1	1.9	5.8 (13.6)
Insurers	0.4	1.1	3.3	4.8 (11.4)
Securities Firms	2.9	2.0	1.0	5.9 (13.5)
Investment Trusts	0.6	0.4	0.4	1.4 (3.3)
Mutual Finance	0.4	2.6	0.6	3.6 (8.7)
Overseas	0.3	-	-	0.3 (0.8)
Total	14.4 (34.1)	18.7 (44.2)	9.3 (21.7)	42.4 (100)

Note: 1) Figures in () represent the percentage of the total.
2) Banks' insurance accounts are classified as an insurer.
3) Subordinated tranches and mortgage-MBS swap transactions are not included.

of USD 18.3 billion. Launched in 2016, the pass-through MBS employs a structure through which HF collects monthly principal and interest payments from a pool of underlying mortgages and passes on the collected payments to investors. More specifically, investors receive their proportionate share of all cash flow from the collateral pool. With this pass-through structure, HF hands off the risk of early repayment of the underlying mortgage loans to investors, whereas investors earn increased returns depending on their prepayment assumptions.

Covered Bond Issuance (MBB)

HF takes over mortgage loans from financial institutions and issues debt instruments secured by the pool of mortgage loans to investors, who receive principal and interest payments from the underlying assets. These mortgage-backed bonds (MBB) are called Covered Bonds. Covered Bonds are bonds issued by financial institutions with prime assets such as mortgage loans or loans to public sector as collateral. Embedded with a preferential claim over the collateral and a right of recourse to the issuer, MBB gives investors double protection, which enables a steady flow of financing at low interest rate.

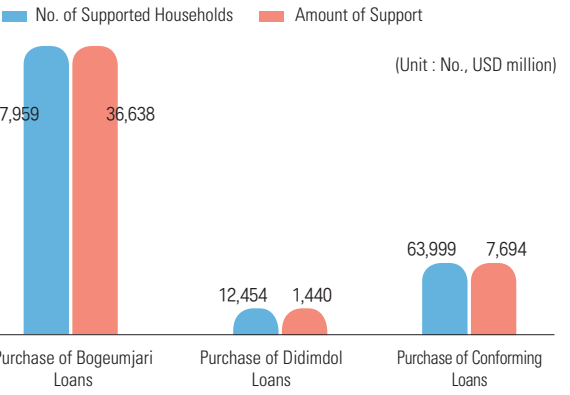
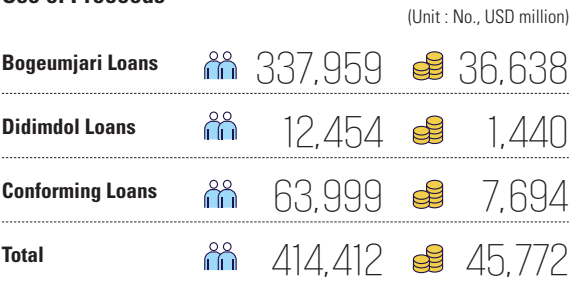
Since 2010, HF has raised a total of USD 6 billion by issuing ten rounds of foreign currency-denominated covered bonds, thus diversifying its funding sources. In particular, it successfully issued AAA-rated euro covered bonds for the first time in Korea in 2019 and euro covered bonds at negative yield rate in 2020, first of its kind in Asia, thereby securing a stable source of funding for public mortgage loans at a low cost.

2020 Social MBS-CB(MBB) Allocation & Impact Report

Use of Proceeds

The entire proceeds funded through issuance of social MBS and social covered bonds were used to finance public mortgages on the very day of the issuance to support homeownership of low-to-moderate income households for their residential stability.












Use of Proceeds

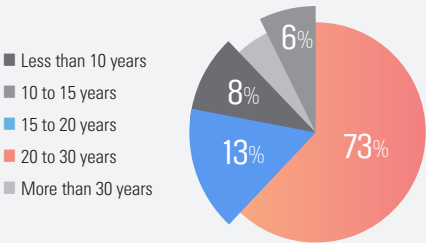








Delivery of Social Values

Household Debt Structure Improvement









HF has contributed to substantial improvement of household debt structure in mortgage loan market by providing long-term(with more than 10 years of maturity), fixed-rate, amortizing mortgage loans.

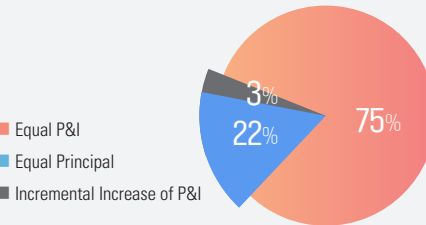
Loan Period (Unit : No., USD million)			
Less than 10 years		49,082	 2,945
10 to 15 years		41,004	 3,448
15 to 20 years		64,479	 6,029
20 to 30 years		259,841	 33,348
More than 30 years		6	 0.6
Total		414,412	 45,770



Interest Rate Type (Unit : No., USD million)			
Fixed Rate		414,412	 45,772
Floating Rate		0	 0
Total		414,412	 45,772















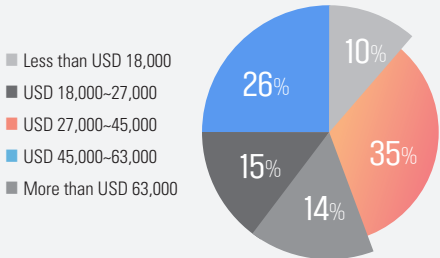
Repayment Method (Unit : No., USD million)			
Equal P&I		308,599	 34,300
Equal Principal		97,439	 9,887
Incremental Increase of P&I		8,374	 1,583
Total		414,412	 45,770











Support Homeownership of Low-to-Moderate Income Households

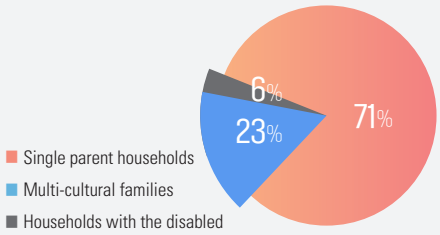
HF has provided public mortgages, Bogeumjari, Didimdol and Conforming loans to support homeownership of low-to-moderate income households and customized loan products to newlyweds, families with multiple children, etc., thereby contributed to addressing social issues such as increase of single households, late marriages, and low birthrate.

Income (Unit : No., USD million)			
Average Income : USD 39,900			
Less than USD 18,000		62,560	 4,579
USD 18,000~27,000		69,082	 6,658
USD 27,000~45,000		140,240	 16,016
USD 45,000~63,000		92,712	 11,933
More than USD 63,000		49,818	 6,588
Total		414,412	 45,774











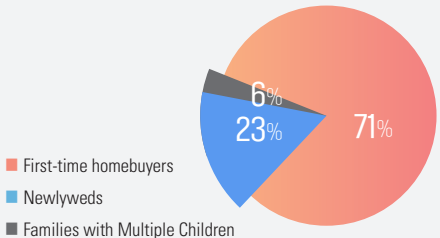
Support residential stability of disadvantaged groups

(Unit : No., USD million)			
Single parent households		1,134	 90
Multi-cultural families		3,751	 385
Households with the disabled		12,655	 1,190
Total		17,540	 1,665



Expansive customized support

(Unit : No., USD million)			
First-time homebuyers		4,735	 500
Newlyweds		46,554	 5995
Families with Multiple Children		16,577	 1,983
Total		67,866	 8,478



* For more information, go to K-MBS(www.kmbs.hf.go.kr) > Disclose Information > Social Financing > Delivery of Social Values

02 Housing Finance Credit Guarantees

Korea Housing Finance Corporation provides credit guarantees to individuals and home builders, improving their access to loans for Jeonse deposits and newly-built apartment installment payments and construction loans, respectively, and, in turn, promoting the housing welfare of the people and revitalizing the housing finance market, while ensuring return of deposits to low-to-moderate income tenants with Guarantees for Jeonse Deposit Return.

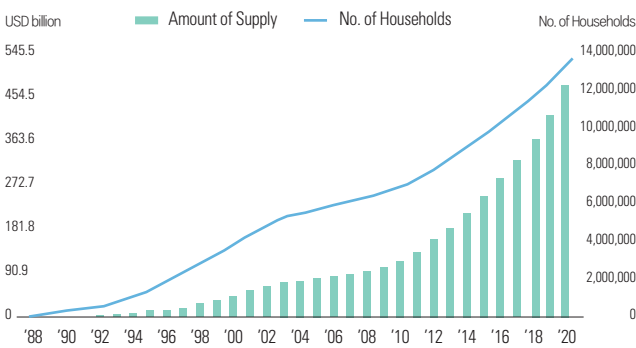
Credit Guarantee Supplied in 2020



Supply of Housing Finance Credit Guarantees

HF operates the Housing Finance Credit Guarantee Fund (the ‘Fund’), stimulating the flow of credit for home financing and, thereby, promoting the residential welfare of the public. This Fund provides credit guarantees mainly to the demand and supply sides of the housing market: individual households seeking loans to finance Jeonse deposits and new homes and home builders seeking loans for rental home construction and purchases. In 2020, HF provided USD 58.8 billion of guarantees in total, faithfully carrying out its mission to support seamless funding for individual homebuyers with residential purpose and home builders. As a result, from its establishment in 1988 to the end of 2020, HF has provided USD 462.3 billion of guarantees for 13.22 million households in total. (USD 418.5 billion for 10.61 million households in individual guarantees and USD 43.9 billion for 2.59 million households in home builder guarantees.)

Accumulative Supply of Credit Guarantees since the Fund Est.



Credit Guarantee Supply by Year

(Unit : USD billion)

Classification	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Individuals	18.2	24.4	23.2	28.1	32.2	34.3	31.3	39.2	46.3	54.9
Builders	0.6	0.7	1.0	0.9	1.9	2.2	2.0	2.2	3.3	3.9
Total	18.8	25.1	24.2	29	34.1	36.5	33.3	41.4	49.6	58.8

Credit Guarantees for Individuals

Spread of Covid-19 in 2020 and its resultant constrain on economic activities along with house price increase exposed more low-to-moderate income households and vulnerable groups to residential instability. To reduce the housing cost burden on these people, HF expanded the rate and guarantee fees reduction model in collaboration with municipal governments and financial institutions, thereby providing housing finance with low interest rate. In addition, HF has endeavored to promote social values by enhancing support for young households who do not own a house in funding their Jeonse and monthly rent payment, by increasing of supply limit of Young People’s Jeonse and Monthly Rental Loan from previous USD 1 billion to USD 3.7 billion, launched in May 2019 in line with the government initiative undertaken to alleviate the housing cost burdens on young people and newlywed couples. Moreover, in order to fulfill its role as a public guarantee provider, HF introduced Special Jeonse Guarantees with Partial Installment and Guarantees for Jeonse Deposit Return to ensure return of the deposit to low-to-moderate income tenants.

Credit Guarantees for Home Builders

As for guarantee services for home builders, with an aim to facilitate provision of quality houses, HF signed agreements with municipal governments and banks, and launched the ‘Compact Construction Loan Guarantee’ in 2020. In particular, for residential stability of disadvantaged youth, HF signed a MOU for ‘Financial Support for Busan Dream APT Project Promotion’ with Busan Metropolitan Government and Korea Housing Builders Association, and worked for stable operation of combined construction loan guarantees. In addition, HF enhanced guarantee provision for loans related with housing for youth residing areas adjacent to subway stations and social & community houses. It also provided guarantees total worth of USD 0.6 billion (2,518 households) by expanding post-construction PF guarantees. These measures facilitated house constructions by builders for post sales(or rent), and helped more to benefit from stable housings.

HF participated the ‘Social Housing Project with Vacant Houses’, lunched to provide long-term rent houses for the disadvantaged group by leveraging lands with vacant houses purchased by public sector. With the initiative, HF expanded the subject scope for guarantee provision and helped more housing builders benefit from financial support. In the rapid changing housing finance market, HF proactively pursued product improvement and worked to promote housing stability of people by providing the total USD 3.9 billion of guarantees for home builders.

Supply of Housing Finance Credit Guarantees by Product in 2020

(Unit : USD billion, %)

Category		Supply	Share
Credit Guarantees for Individuals	Jeonse	46.1	83.9
	Intermediate Payments	6.0	11.0
	Purchases	2.5	4.5
	deposit return	0.3	0.5
	Others	0.1	0.2
Subtotal		54.9	100.0
Credit Guarantees for Builders	Construction	1.9	49.7
	PF	1.9	49.5
	Purchase for Lease	0.1	0.8
Subtotal		3.9	100.0
Total		58.8	-

Breakdown of Housing Finance Credit Guarantee Users in 2020

Credit Guarantees for Individuals	Home sized 85㎡ or below	94.7%
	Annual income of USD 27,000 or less	47.1%
	CSS rating of 6 or below	24.5%
Credit Guarantees for Builders	Small-and medium-sized construction companies	99.5%

03 Korean Home Pension Guarantees

Korea Housing Finance Corporation provides its reverse mortgage program, Korean Home Pension, for the elderly aged 55 years or older, allowing them to reside in their homes for their lifetime while using the house as collateral to receive payments in the form of monthly annuities. As the cumulative number of its subscribers surpassed 80,000 as of the end of 2020, the Korean Home Pension has solidified its position as a reliable retirement financing solution for a happy retirement in the aging society.

Provision of Home Pension Guarantees in 2020

Operating Multiplier



11.6 times

Amount of Guarantees Supplied



USD 10 billion

Number of New Subscriptions



10,172 Persons

Program Overview and Key Details

The Korean Home Pension is an HF-guaranteed reverse mortgage program under which senior citizens put up their home as collateral and receive monthly payments, ensuring both life-long housing and financial stability. Following the amendment of the Korea Housing Finance Corporation Act in January 2007, HF set up a reverse mortgage guarantee account within the Housing Finance Credit Guarantee Fund, which became the legal and financial grounds for the Korean Home Pension program launched in July of that year. This reverse mortgage program is available to seniors (or their spouse) aged 55 years or older with a total declared house value of USD 818,000 or less. The program is also open to senior

households owning two homes with a combined declared value of over USD 818,000 under the condition that they sell their non-residing house within three years. Under the program, Korean Home Pension subscribers and their spouses are guaranteed life-long residence in their homes and monthly payments from HF in return for providing their home as collateral. The Korean Home Pension program comes with a floating rate. Korean Home Pension subscribers may choose between the 91-day CD rate plus a 1.1%p spread or the Cost of Funds Index (COFIX) rate plus a 0.85%p spread (based on the initial value) at the time they join the program. Both interest rate options are

lower than market mortgage rates. Borrowers also enjoy a range of tax benefits: exemption from the special rural development tax and the obligation to buy national housing bonds at the time of subscription, a 25% discount on property tax and a 75% discount on registration tax and the local education tax, and a tax deduction for interest payments.

The Korean Home Pension program has two distinguishing features. First, it enables seniors or their spouse to receive a steady stream of monthly payments while remaining in their home during their retirement years. Second, it gives them the option of drawing a portion of the loan within certain limits at any time to pay for medical or other unexpected expenses.

Under the program, senior homeowners have various payment options: the tenure type, the modified tenure type, and the term type. The tenure type allows them to receive fixed monthly payments without a cash withdrawal option for the rest of their life. The modified tenure type offers a combination of monthly payments and a line of credit. This type enables them to set aside a certain amount (up to 50% of the loan) for withdrawals at any time and receive a flow of monthly payments from the outstanding loan amount. Lastly, the term type offers monthly payments for a specified period of time (10 to 30 years on a five-year basis).

In addition, HF unveiled the Three NaeJibYeonKeum Loans in 2016, adding three more reverse mortgage loan options to its product portfolio. One of the options is the loan repayment type, under which homeowners can subscribe to the Korean Home Pension program and take out up to 90% of their loan amount to pay off their existing senior mortgage loan. The second option is the preferential payment type, offering preferential terms on monthly payments (up to 20% of more monthly payment) exclusively for low-income, low-asset senior married couples with a spouse on the Basic Livelihood Security System and a single home valued at USD 136,000 or less.

Korean Home Pension subscribers may receive monthly payments in a straight line or high-low payment basis. Korean Home Pension subscribers with the straight line option receive equal monthly payments for life, while those with the high-low payment option receive higher monthly payments than those under the straight line option for the first 10 years and approximately 70% of the initial amount from the 11th year onwards. The high-low payment option is available to those on the tenure type or the modified tenure type. Other payment types offer the straight line payment only.

Eligibility Requirements

Age	Seniors (or their spouse) aged 55 years or older
Number of Homes Owned	Senior households with either a single home or two or more homes with a combined declared value of USD 818,000 or less (Those with two homes of which combined declared value exceeds USD 818,000 only under the condition of the disposal of the non-residing home)
Eligible Property	Home or senior welfare housing with a declared value of USD 818,000 or less

Advantages of the Korean Home Pension

Lifelong Residency and Lifelong Payments	Both borrowers and their spouse guaranteed with lifetime residence in their homes and lifetime monthly payment of annuities.
Public Guarantee	A government-guaranteed program with no risk of discontinuance of monthly payments
Low Interest Rate	Floating rates applied (3-month CD interest rate + 1.1%p or COFIX interest rate + 0.85%p); lower rates than market mortgage rates
Lower Initial Cost	Low initial cost with the exemption of the special rural development tax and the obligation to purchase national housing bonds
Tax Benefits	<ul style="list-style-type: none">• A 75% discount on the registration tax and the local education tax (available only to single-home households, as prescribed by the Enforcement Decree of the Restriction of Special Local Taxation Act, with a home of declared value at USD 455,000 or less; otherwise, a 75% discount on USD 3,600 of the registration tax)• A 25% discount on the property tax (available only to single-home households, as prescribed by the Enforcement Decree of the Restriction of Special Local Taxation Act; otherwise, a 25% discount on USD 455,000 of the home value for those with a home worth over USD 455,000)• A tax deduction for up to USD 1,800 in annual interest payments

The best housing finance institution that grows
along with the happiness of the people

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