

The leading sustainable housing finance institution
for residential happiness of the people

2021 ANNUAL REPORT





The best housing finance institution that grows alongside
the happiness of the people
Institution that improves the quality of life by enhancing
the housing welfare of people

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As a leading sustainable housing finance institution for residential happiness of the people, Korea Housing Finance Corporation is a companion for the dream of the youth, a ground for hope of the middle-aged, and for prepared retirement in advanced years.

For 18 years since its establishment, Korea Housing Finance Corporation has achieved remarkable growth both in terms of quality and quantity, as the best housing finance institution that grows along with happiness of people.

In particular, despite prolonged Covid-19 crisis with unending waves of variants, we focused on advancing the quality of our products and services by launching customer-tailored products and substantive system improvement to serve the purpose of the corporate establishment, uninterrupted.

In midst of ever-changing environment, we continued our efforts to make our services and products more accessible for the people, with the new housing finance products catering to the needs of the people and digital innovation adaptive to the changed environment.

HF securitization business launched new products such as the super-long term public mortgages with 40-year maturity and the preferential Bogeumjari loans for affordable housing, providing the total of 33 trillion worth of public mortgages to support homeownership of the low-to-moderate income households and end-users.

As for MBS & MBB, with euro-denominated covered bond issuance of the record high worth of 1.55 billion euros, HF saved about USD 110 million funding costs compared to the domestic issuance, substantially reducing the residential costs of public mortgage users.

In housing credit guarantee business, we alleviated eligibility criteria for the rent deposits to use for our Jeonse Guarantees, Monthly Rent Guarantees, and Jeonse Deposit Guarantee products. In addition, we lowered the guarantee fees to the record low level, while expanding the targeted support for the young adults who take the first step into the society. With these measures, we strengthened the support for the tenants who are exposed to residential instability with the rise of Jeonse prices, providing guarantees worth of USD 59.1 billion.

In the meantime, in terms of reverse mortgage, we successfully completed product improvement to guarantee the pension right and increase of real income of the subscribers with the release of Trust-type reverse mortgages and seizure-prevention account, both of which HF had long prepared. These efforts led the number of accumulated home pension subscribers to surpass the 90,000 mark. In particular, the Trust-type reverse mortgage has been acknowledged externally as an exemplary policy improvement, now taking account for more than 40% of new subscriptions within 3 months of its release.

Covid-19 pandemic has brought about the end of life as we knew it, triggering various socio-economic crises. Before long, those crises will be overcome. However, it would be the struggling borrowers and people with residential vulnerability who would have to bear the brunt of the impact, which makes the roles and responsibilities of HF to support them all the more important.

Going forward, HF will provide more housing financial products tailored to the different needs of each life cycle of the people. In doing so, we will continue to do our utmost to alleviate the residential burden of the lower income brackets and end-users and support prepared retirement of the seniors.

At the same time, we will keep taking heed to the voices of people who can be easily left out in the housing, finance, and digital environment, bringing the light on the blind spot of the residential welfare of the low-to-moderate income groups.

Thank you.

Choi Joon Woo

President & CEO Korea Housing Finance Corporation



About HF



Korea Housing Finance Corporation (HF)

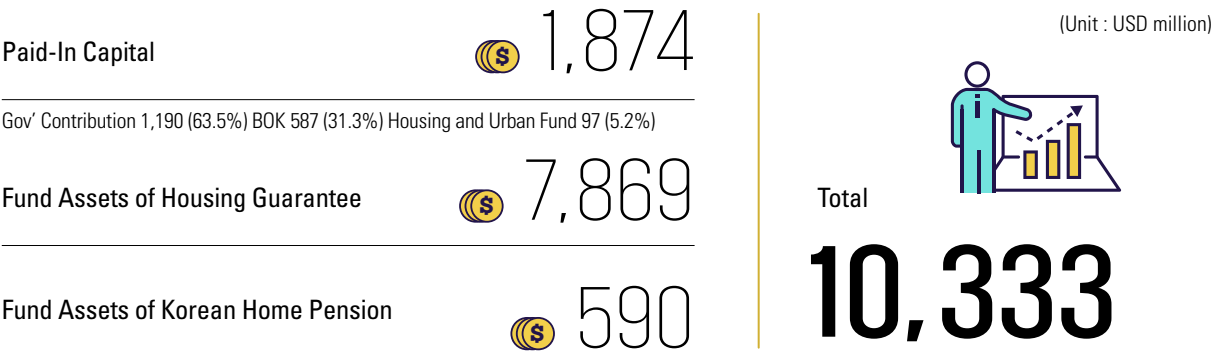
Corporate Overview

Established on March 1, 2004, pursuant to the Korea Housing Finance Corporation Act (Law No. 18131), 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

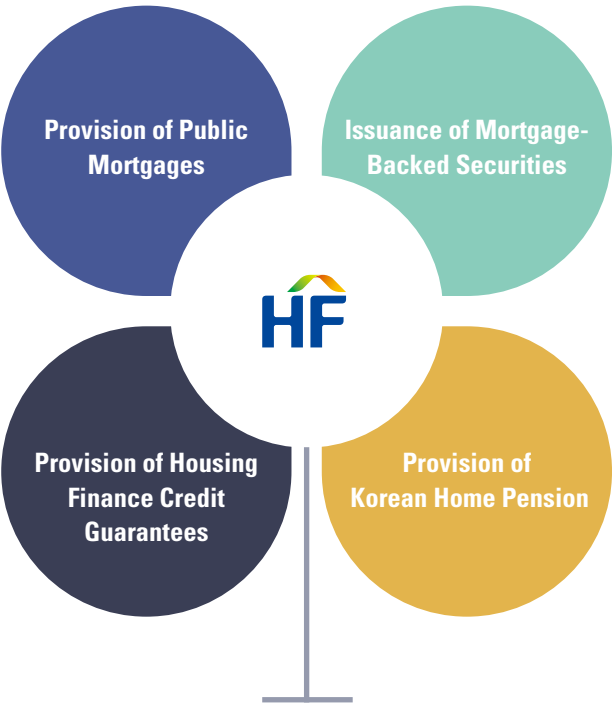
Capital and Fund

As of year-end 2021, HF retains USD 1,874 million in paid-in capital and USD 7,869 million in the Housing Finance Credit Guarantee Fund (the “Fund”).



Main Business Areas

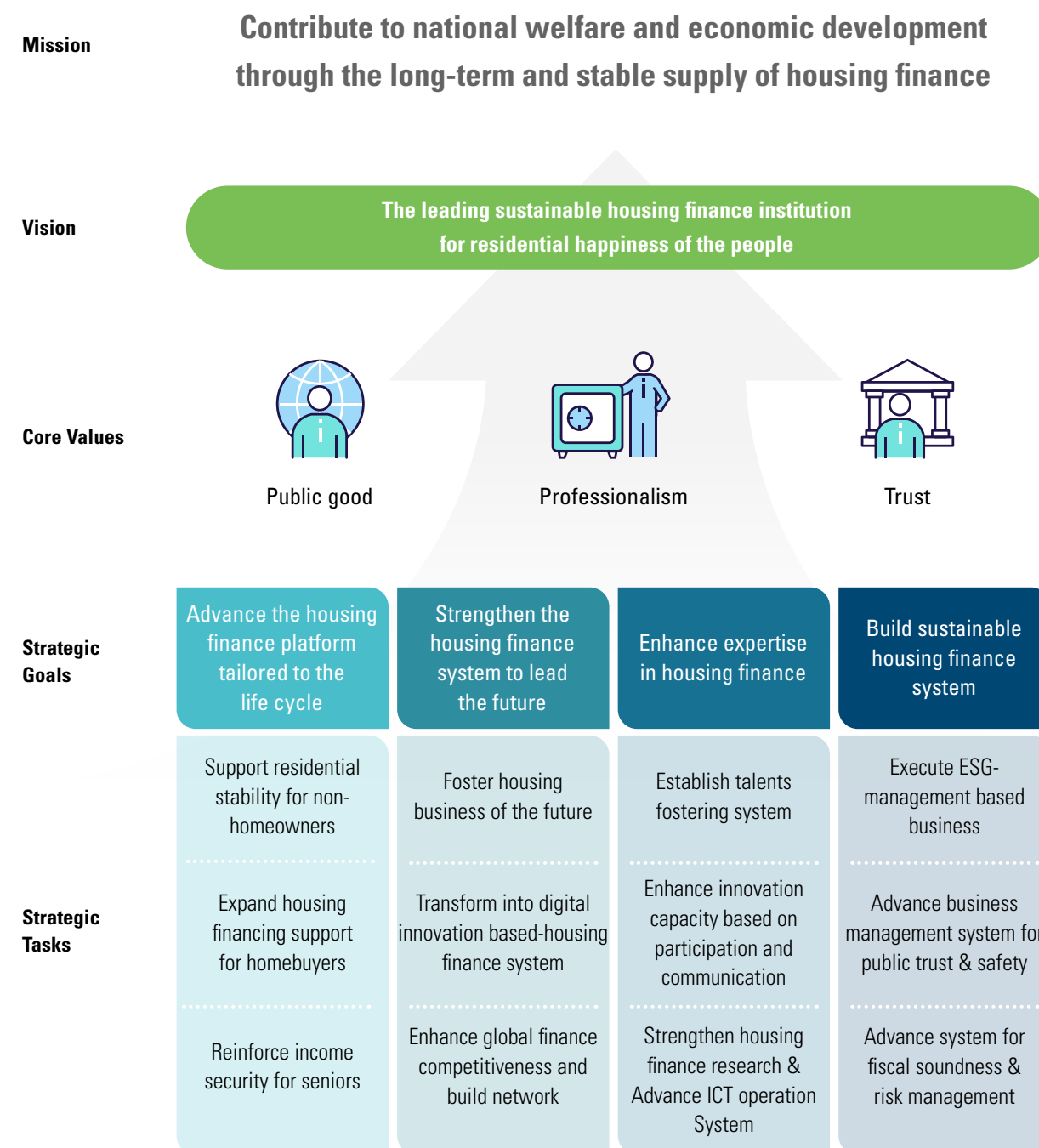
HF works in four main business areas to improve housing welfare for the public and reinforce the residential safety net for vulnerable social groups.



Provision of Public Mortgages	Issuance of Mortgage-Backed Securities	Provision of Housing Finance Credit Guarantees	Provision of Korean Home Pension
HF issues MBS and MBB with mortgages as underlying assets to finance its long-term, fixed-rate, amortized public mortgages, thereby contributing to promoting residential welfare of the people.	HF issues mortgage-backed securities(MBS and MBB) backed by home loans purchased from financial institutions as a stable means of raising funds from capital markets for long-term, fixed-rate, amortized public mortgage loans, thereby contributing to enhancement of housing welfare of the public.	HF offers credit guarantees to individual renters and homebuyers as well as property developers, thus improving their access to loans for Jeonse deposits, newly-built apartment installment payments, and rental home construction or purchases, respectively, thereby promoting residential stability.	HF provides senior citizens 55 years of age or older with guarantees for the Korean Home Pension, the HF reverse mortgages program which allows seniors to take out loans with their homes as collateral and receive the money in the form of annuity to cover their monthly living expenses while keep residing in the home for the lifetime.

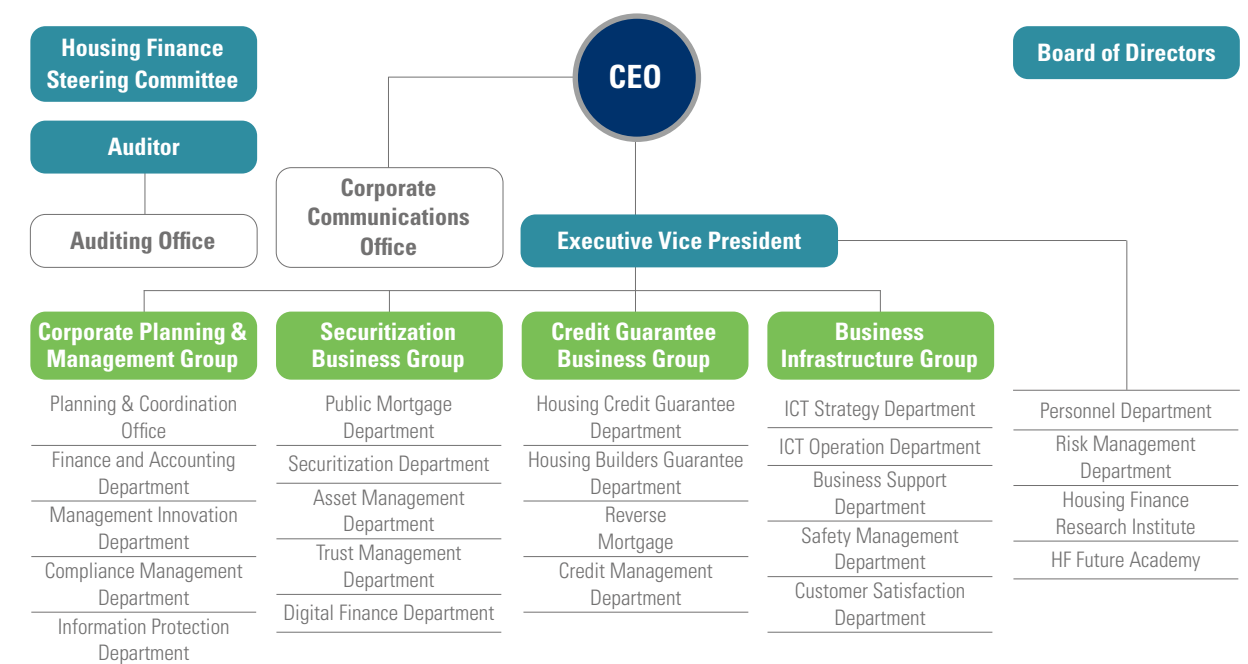
Vision and Core Values

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.



Organization & Staff

HF consists of four groups, 25 departments, four regional headquarters, and 28 branches. HF head office is located in the Busan International Finance Center (BIFC) in Munhyeon-dong, Nam-gu, Busan.



Branches

※ As of Jan, 2022

(Eastern Seoul Metropolitan Area)	Seoul Jungbu / Seoul Nambu / Seoul Bukbu / Seoul Dongbu / Gyeonggi Bukbu / Gangwon Dongbu / Gangwon Seobu
(Western Seoul Metropolitan Area)	Seoul Seobu / Incheon / Gyeonggi Nambu / Gyeonggi Jungbu / Gyeonggi Dongbu Branch/ 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. We newly established Information Protection Department for better customer information protection by strengthening independence and expertise of information protection work, and opened Gyenggi Bukbu, Gyenggi Dongbu branches to enhance customer accessibility.

Workforce

HF has a total of 830 employees, including seven executives and 823 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	52	134	233	374	15	823

※ The table above is based upon HF permanent employee information filed on the All Public Information In-One (ALIO) system (as of Q4 2021).

History



- 2016. Apr. 25** Launched three types of NaeJibYeonKeum
- 2016. Nov. 25** Issued 1st Pass-Through MBS
- 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. Dec. 06** Ranked first (1st grade) 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 Deonaen 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 ASMMA 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)

2004▶2010

- 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)

2020▶



- 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, USD 273million), 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. Jul. 06** Released Jeonse Jikim Guarantee (for return of the Jeonse Deposit)
- 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)
- 2021. Jan. 04** Selected as 2020 institute of merit in job creation (Recognition from Minister of Employment and Labor)
- 2021. Jun. 08** Released Trust-type Korean Home Pension
- 2021. Jul. 20** Launched Hi-ON, the next generation IT system of HF
- 2021. Jul. 28** Adopted new product types in Korean Home Pension (High-Low Payment, Periodic Increase Type)
- 2021. Sep.10** Opened Gyenggi Bukbu branch
- 2021. Sep.17** Issued the first Straight MBS (bullet payment term with no Call Option)
- 2021. Oct.21** Issued Social Covered Bond with 7-year maturity, for the first time in Korea
- 2021. Nov.26** Selected as the institution for best record management in the public domain
- 2021. Dec.02** Obtained ISO 37001 Anti-Bribery Management System
- 2021. Dec.16** Opened Gyenggi Dongbu branch
- 2021. Dec.17** Opened the KHFC Singapore Branch, its first overseas branch
- 2021. Dec.17** Selected as an exemplary case of fair & blind hiring (Minister of Employment and Labor's Award)
- 2021. Dec.27** Lifted the rent deposit cap for HF Jeonse Guarantee to USD 636,000(USD 455,000 in local areas)
- 2021. Dec.30** Selected as an institute of merit in job creation for the elderly (Recognition from the Mayor of Busan Metropolitan City Government)

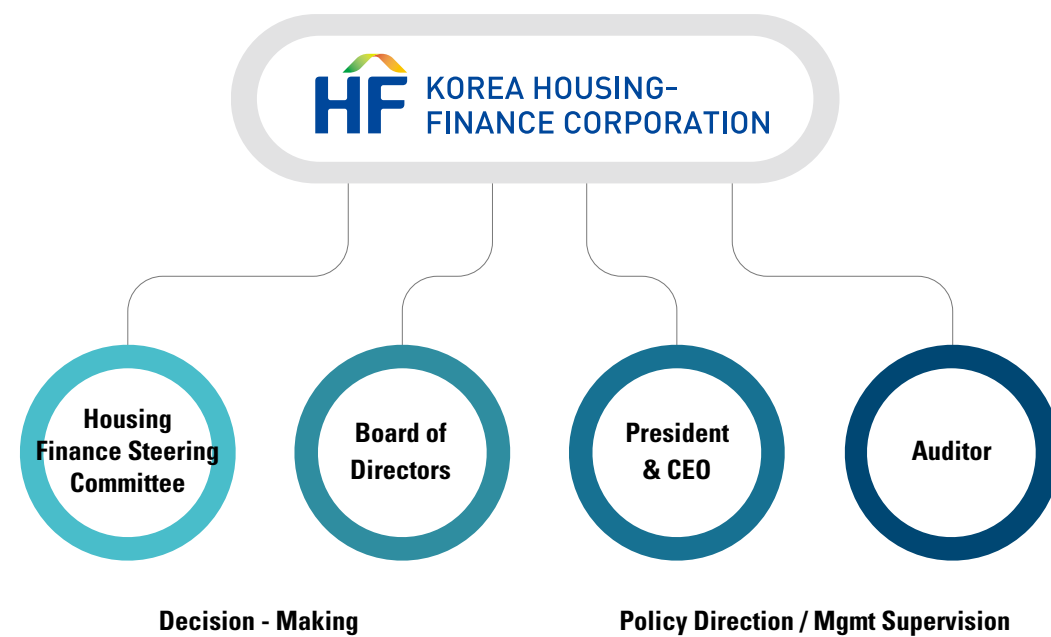
- 2011. Aug. 23** Granted a patent for the u-Bogeumjari Loan underwriting system 2012
- 2011. Mar. 09** Launched Conforming Loan to support a soft landing for household debt
- 2011. Aug. 07** Surpassed 10,000 Korean Home Pension subscribers
- 2013. Jun. 01** Implemented a prior subscription system for 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. 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



Corporate Governance

HF has the Housing Finance Steering Committee, the Board of Directors, and an internal auditor, each for decision-making, business execution and audit.

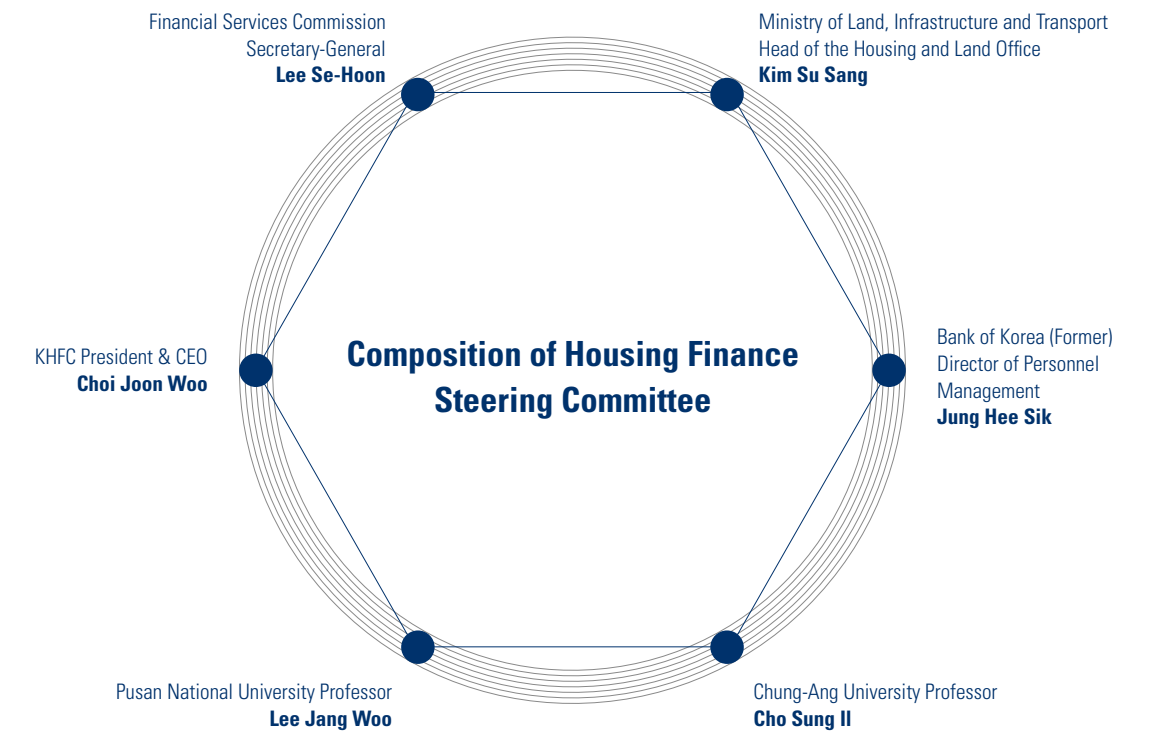
Under the current KHFC Act, the Housing Finance Steering Committee and the Board of Directors as a decision-making body, CEO as a decision maker, and Auditor as a head of Auditing Office, are separate and have independent powers and responsibilities in principle.



Housing Finance Steering Committee

The Housing Finance Steering Committee is the head decision-making body of HF. It is responsible for deliberating and making decisions on key matters. These include drafting and amending HF's fundamental policies; establishing and revising business plans; amending HF's articles of incorporation; and allocating, revising, and settling budgets. Other important tasks include underwriting standards for mortgage-backed securities; setting criteria for Korean Home Pension; formulating and revising plans for the operation of the Housing Finance Credit Guarantee Fund; and deciding the write-off of indemnity receivables.

The Committee is composed of six members, comprising one chairperson (HF President & CEO); two public officials appointed one-each by the Financial Services Commission and the Minister of Land, Infrastructure and Transport; one member appointed by the Financial Services Commission from the executives of financial institutions or those with in-depth expertise in housing finance; and two members appointed one-each by the Financial Services Commission on the recommendation of the Minister of Land, Infrastructure and Transport and the Governor of the Bank of Korea. Committee members serve a two-year term.



※ As of April 2022.

Regular meetings of the Committee are convened by the chairperson in February, May, and December each year. Where deemed necessary by the chairperson or requested by a majority of the committee members, ad-hoc meetings can also be held. In 2021, the Committee held seven meetings, in which 26 agenda items were addressed.

Management Council

The Management Council consists of the President & CEO as the chairperson, the Executive Vice President, and executive directors. It is responsible for deliberating and making decisions on a range of issues. These issues include the establishment, revision, and abolishment of HF regulations, excluding those subject to the decision-making of the Housing Finance Steering Committee and the Board of Directors. Also included are business commissioning; securitization, credit guarantees, reverse mortgage guarantees, and guarantee liability performance; the suspension and special management of the right to indemnity; and matters entrusted by the Housing Finance Steering Committee and the Board of Directors and matters deemed necessary by the President & CEO. In 2021, the Council held 13 meetings, in which 37 issues were handled.

President & CEO
Choi Joon Woo

Auditor
Kim June Il

Executive Vice President
Ryoo Sang Dai

Executive Directors
Cho Jeom Ho

Executive Directors
Lee Kyu Jin

Executive Directors
Seol In Bae

Executive Directors
Park Jae-Min



Board of Directors

The Board of Directors is a decision-making body which reviews and decide on HF work operation and matters other than what are handled by the Housing Finance Steering Committee. The Board of Directors deliberates and decides on a wide range of operational issues. These include agenda items presented by the Housing Finance Steering Committee; debt financing and repayment plans; executive member nominations; the establishment, revision, and abolishment of organizations and HR regulations; changes in capital; matters requiring government approval and authorization; the sale of the right to indemnity; and other matters deemed necessary by the Board of Directors or the President & CEO.

The Board is comprised of the President & CEO as the chairperson, the Executive Vice President, and Executive and Non-executive Directors.

The Auditor may attend the board meetings and state his/her opinion. One of non-executive directors is designated as senior non-executive director, who may summon and preside a meeting of non-executive directors

The President & CEO is appointed by the President of the Republic of Korea at the proposal from the head of the Financial Services Commission among candidates commended by the Nominating Committee.

Executive directors, including vice president, are appointed by the President & CEO, whereas non-executive directors are appointed by the Chairman of Financial Services Commission from a pool of candidates commended by the Nominating Committee. The Auditor is also

appointed by the President of the Republic of Korea at the proposal from the Minister of Economy and Finance, after deliberation and voting by Public Institution Operation Committee on candidates commended by the Nominating Committee.

The term of directors is two years, except for the President & CEO, who serves a three-year term. Where deemed necessary, their terms can be extended by one year after a separate evaluation process under the relevant laws.

Composition of the Board of Directors		Senior Non-Executive Directors	Seo Chae-Ran (Lawyer at DongHun, a law firm)
※ As of April 2022.		Non-Executive Directors	Lee Yong-Han (Head of the DaeDeok Welfare Center)
President & CEO	Choi Joon Woo		Shin Min-Cheol (VP, Audit Dept of Woori Finance Holdings.Co.)
Executive Vice President	Ryoo Sang Dai		Ryu Seong-Min (Public Interest Member at the Economic, Social and Labor Council)
Executive Directors	Cho Jeom-Ho		Heo Ung (Executive Director, KDB Life Insurance)
	Lee Kyu-Jin		Lee Sung-Han (Director, FTA Domestic policy Department Ministry of Strategy and Finance)
	Seol In-Bae		Hong Soon-Kye (Managing Director, HyundaiMarine & FireInsuranceCo.)
	Park Jae-Min		

2021 Highlights

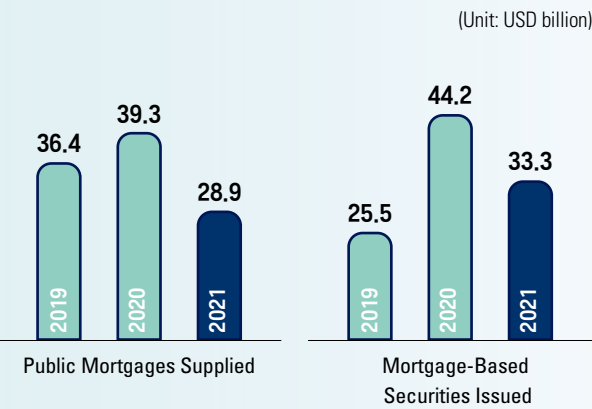
Facts and Figures

Securitization

Provided USD 28.9 billion of public mortgages with release of with the launch of New Relief Conversion Loan for low-to-moderate income households and issued MBS & MBB worth of USD 33.3 billion

Public Mortgages Supplied 28.9 billion

Mortgage-Based Securities Issued 33.3 billion

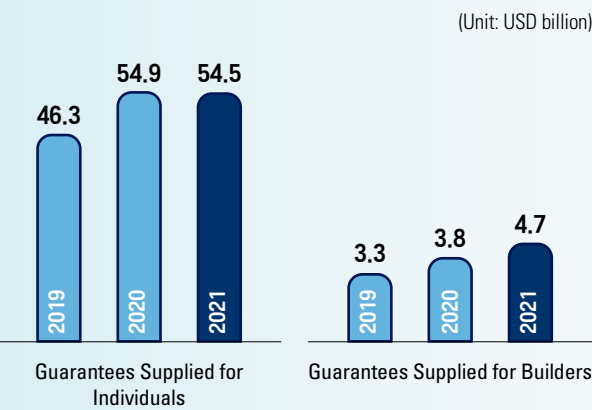


Housing Finance Credit Guarantees

Provided credit guarantees worth of USD 59.2 billion, a record level since the launch of the guarantee, resulting in accumulated credit guarantee provision reaching USD 521.5 billion in total.

Guarantees Supplied for Individuals 54.5 billion

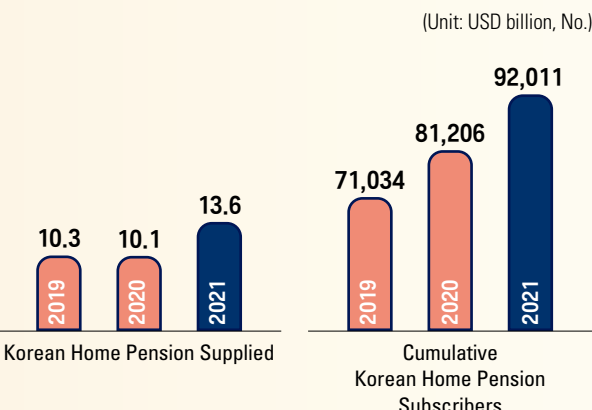
Guarantees Supplied for Builders 4.7 billion



Reverse Mortgage Guarantees

90,000 in cumulative Korean Home Pension subscriptions Became a reliable funding option for a happy and secure retirement for the elderly.

Guarantees Supplied for Builders 92,011



External Recognition



Jan 4

Selected as 2020 Institute of Merit in Job Creation

HF received the Minister of Employment and Labor Recognition in the category of permanent position transfer in public sector. Since 2017, HF has turned 48 temporary and contractual workers to permanent employees. In particular, HF established a subsidiary company in 2019, turning 147 contractual call-center workers to permanent positions in the full compliance with the government policies. These efforts to create high quality jobs led to the recognition by the government.

Nov 26

Selected as the Institution for Best Record Management in the Public Domain

HF was selected as the Best Record Management Institution in the public domain record management at the 'National Archivists Contest', the largest archive and record management symposium hosted by the National Archives of Korea, the Korea Society of Archives & Records Management, the Korea Society of Archival Studies, and the Korea Association of Records Managers & Archivists. At the contest, HF made a presentation on its establishment of records categorization tables for better employees communication, digitalization of the housing finance policies documents of the Housing & Commercial Bank before HF establishment, sharing its know-how and best practices in record management.

Dec 2

Obtained ISO 37001 Anti-Bribery Management System International Certificate

Recognized for the efforts to fight corruption and establish the corporate culture of integrity, HF obtained ISO 37001 Anti-Bribery Management System International Certificate. With President as a lead, HF established 'Anti-Corruption, Integrity Committee' to establish and promote the corporate culture of integrity and has worked to found anti-corruption management system against illegal solicitations, graft taking, and conflicts of interest. Going forward, based on the anti-corruption management system, HF will nip corruption in the bud and facilitate culture of integrity to become an institution truly worthy of public trust.



Dec. 17

Selected as an Exemplary Case of Fair and Blind Hiring

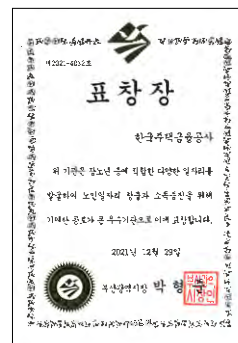
HF received the Employment and Labor Prize for its exemplary practices in the public sector category at the 2021 Fair and Blind Hiring Best Practice Competition. With the Ministry of Economy and Finance Award in 2019 and the Ministry of Education Award in 2020, the award marks the third Ministry Award HF received in three consecutive years, which is the first for a public institution. With further adoption of affirmative actions in hiring, HF has been building its own hiring brand, 'HF-Blind Hiring'. HF will continue to work for fair and applicant-friendly hiring procedures.



12. 30

Selected as an Institute of Merit in Job Creation for Seniors and the Elderly

HF was selected as an institute of merit in senior job creation and awarded with citation from the Mayor of Busan, the only case among public institutions relocated to the city. In collaboration with the Busan Metropolitan City Government and local welfare centers, HF promoted job-linked social contribution activities for seniors and the elderly, offering the platform to tap into experiences and know-how of the senior citizens. In particular, what was highly recognized by the Busan Metropolitan Government was HF's efforts to build 'Senior-Customized Happy Community' where seniors themselves take on repair and maintenance work of the senior centers and check fire fighting facilities, and the 'HF Happiness Care Service' where seniors take care of the disadvantaged elderly living alone, checking on them, accompanying them for a walk, and helping out house chores or home repairs, etc. which led to the creation of 380 senior jobs, HF will continuously push ahead various programs to create various senior jobs in order to address issues of the local community and offer seniors to use their experiences and wisdom for the society, thereby promoting for mutual prosperity of local communities and implementation of 'welfare through work'.

**Internal Efforts for Better Housing Finance Service**

June 8

Released Trust-type Korean Home Pension

With the amendment of enforcement decree of the KHFC Act, HF released Trust-type Korean Home Pension, which has the following advantages; First, it guarantees stable pension payment by automatically granting the surviving spouse the right to Home Pension payment upon the death of a subscriber. Second, it is available to homeowners who rent out part of their house with a security deposit; third, it significantly reduces costs such as registration and license tax paid to provide collateral at the time of subscription and succession compared to the existing mortgage collateral type. With the release of the new product, HF can now offer even better protection of the pension right to subscribers.

July 28

Adopted new payment options in Korean Home Pension (High-Low Payment, Periodic Increase Type)

Progressively catering to the needs of customers, HF newly released the 'High-Low Payment' type under which subscribers can choose periods of higher payment among three, five, seven and ten years, along with the 'Periodic Increase Payment' type, of which payment goes up periodically to offset the erosion of purchasing power by inflation, offering seniors with more options to choose monthly payment for home pension, depending on their economic activities or financial situation.

Oct 21

Issued social CB with 7 Years of maturity for the first time in Korea.

HF issued social covered bond of 7 years of maturity, which is the first of its kind among domestic institutions. Despite the recent increased market volatility with the end of quantitative easing of many central banks and inflation pressure, HF succeeded in issuing the bonds with the record long maturity. The issuance of the long-term bond is expected to lower distribution rate of existing 5-year maturity bonds, attract more commercial banks to the covered bond market, and reduce the residential costs for low-to-moderate income public mortgage users with no homeownership.

Dec 17

Opened its first overseas branch in Singapore.

With the expansion of overseas covered bonds issuance and increase of international works, HF opened its first overseas branch in Singapore, the undisputed financial hub in the Asia Pacific region, to attract foreign investors and enhance international exchange and cooperation. The KHFC Singapore Branch will build the global network for overseas funding of HF, thereby serving as a platform for HF to expand its global business.



Dec 27

HF Alleviated Eligibility criteria for its Jeonse Deposit Return Guarantee

In order to relieve residential cost burden on the low-to-moderate income households and end users, HF raised the Jeonse deposit cap for Jeonse Guarantee, from USD 455,000 to USD 636,000 in Seoul and metropolitan areas and from USD 272,700 to USD 455,000 in local areas. The measure is expected to lower the threshold for those who previously could not access to the public guarantee, and help many low-to-moderate income earners faced with difficulties due to the recent rise of loan interest rates.

2021 Housing Market & Trend

Overall Economy

The real Growth Domestic Rate(GDP) in 2021 recorded the growth rate of 4.0% from -0.9% of 2020, on the back of the recovery of private consumption, facility investments and improved exports. Private consumption rebound after wide vaccinations and gradual ease of social distancing measures, expansion of facility investments in manufacturing and upswings in exports in major industries, including semi-conductors drove up the growth rate.

In terms of production, manufacturing sector showed strong YoY growth rate of 6.6%, based on the resumption of economic activities of major economies such as the U.S, EU, and China, massive government measures to support household income, and the increase of global trade driven by pent-up demand.

Notably, the surge in non-contact activities boosted up the global demand for IT devices made of semi-conductors and display, which led to the rebound of domestics manufacturing performance. In the meantime, service sector recorded YoY growth of 3.7%, as wide vaccination and gradual ease of social distancing measures stimulated consumption sentiment.

Annual Growth Rate of GDP by Economic Activity and Expenditure Item				
(Based on chain price of 2015)				
	(YoY, %)			
	2018	2019	2020 ^p	2021 ^p
Growth Domestic Production (GDP)	2.9	2.2	-0.9	4.0
Agriculture, Forest & Fishery	0.2	3.9	-4.0	2.7
Manufacturing	3.3	1.1	-0.9	6.6
Electricity, Gas & Water	-1.7	4.3	4.2	4.9
Construction	-2.8	-2.6	-1.4	-2.1
Service ¹⁾	3.8	3.4	-1.0	3.7
Final Consumer Expenditure	3.7	3.2	-2.4	4.2
Private Consumption	3.2	2.1	-5.0	3.6
Government Expenditure	5.3	6.4	5.0	5.5
Total Fixed Capital Formed	-2.2	-2.1	2.6	2.6
Construction Investment	-4.6	-1.7	-0.4	-1.5
Facility Investment	-2.3	-6.6	7.1	8.3
IP Products Investment	4.4	3.1	4.0	4.0
Private	-3.0	-4.5	2.6	4.1
Government	2.6	11.4	2.7	-5.1
Inventory Variation ²⁾	0.3	0.0	-0.6	-0.3
Exports of Goods & Services	4.0	0.2	-1.8	9.9
Imports of Goods & Services	1.7	-1.9	-3.3	8.5
Gross Domestic Income(GNI)	1.6	0.4	-0.2	3.5

Note: 1) Including wholesale and retail, food and accommodation industry, transportation, and storage industry, finance and insurance industry, real estate and rental industry, information communication industry, business service industry, public administration and national defense, education service industry, health and social welfare service industry, and culture and other service industries.
2) Based on the contribution to GDP (%p)

However, construction sector growth remained sluggish, recording YoY of −2.1%, as government restrictions on household loans and loan interest rate increase confined construction of new houses, while investment is contracted as construction costs went up due to price increase of raw materials.

In terms of consumption, the government spending continued to go up for Covid-19 response, with YoY increase of 5.5%, private consumption saw a remarkable rebound around durable goods, recording 3.6% of YoY growth, as ‘With Corona’ scheme gradually took hold.

Construction investment continued to contract with YoY growth of −1.5%, despite the gradual recovery of construction sector, as the price increase of raw materials and construction materials dampened the investment in the civil engineering. In contrast, facility investment recorded a robust growth of 8.3%, as the manufacturing growth momentum that sustained despite Covid-19 crisis stimulated new investments in steel, chemicals, and automobiles.

Export showed a remarkable growth of 9.9% as exports in main industries such as semi-conductor, shipbuilding and smartphones enjoyed a surge in demand driven by Covid-19. In particular, the increase of unit price and export volume in the semi-conductor led the domestic gross export growth.

In the meantime, the ample liquidity in the wake of Covid-19 led to the concern on inflation, domestic consumer prices recorded over 2% of increase since April. Notably, amid the continued strong demand for durable goods, increase of raw material prices including global oil and higher prices of agricultural and livestock further added inflationary pressure.

Bond Market

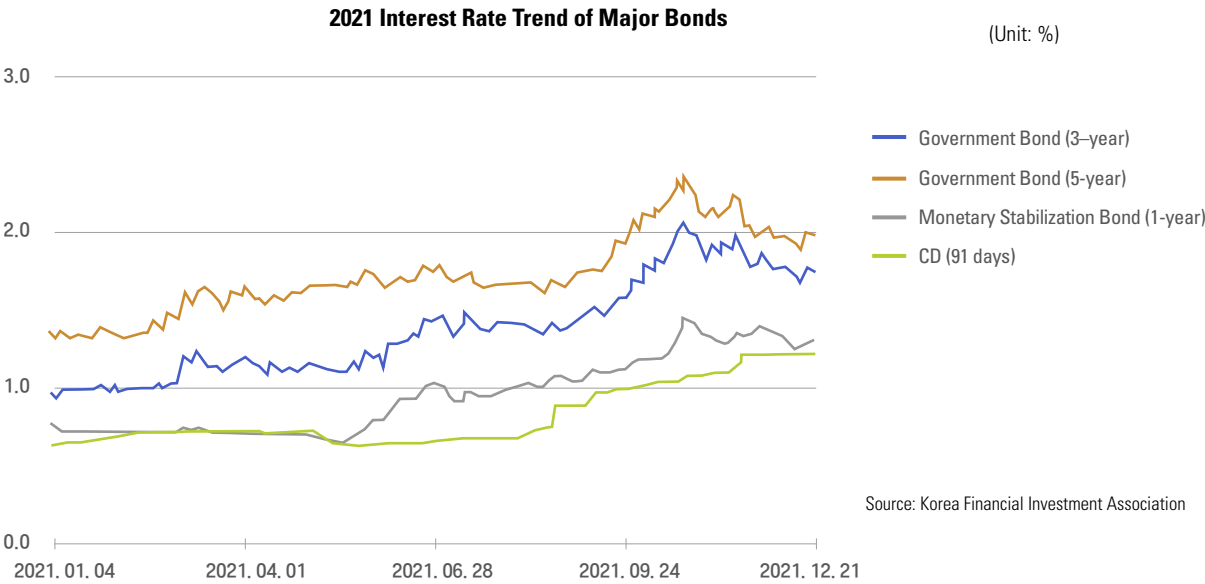
As Covid-19 pandemic is prolonged into 2021, central banks of main economies maintained normalization of monetary polices in response to inflationary pressures. Major emerging countries(Brazil, Mexico, Russia, Poland and Czech, etc.) raised bench mark interest rated, and the U.S Fed also accelerated the tapering, which is to reduce the amount of asset purchase, signalled three times of rate hike in 2022. These moves came after the heightened expectations on the normalization of monetary polices, amid greater bond market volatility and inflationary pressures on the supply side, which in particular, aggravated as the global supply chain disruption drove up the prices of main raw materials.

The yields on the domestic bonds showed a wide range of increase trend, amid excessive liquidity for Covid-19 response led to the global inflationary pressures, and as the Bank of Korea raised its base rate two times in August and November in a step toward the normalization of monetary policy, and as the supply volume of the bonds were further increased due to the payment of government disaster relief subsidies.

In the first half of the year, the bond yield maintained upward trend despite concerns over the resurgence of the Covid-19 spread, due to rate hikes of major economies such as the U.S, concerns over excessive supply pertaining to disaster relief subsidies, and comments by the BOK chairman indicating the rise of the key interest rate within the year.

In particular, despite expectations that vaccination and reduction in the fatality rate would stabilize the bond market, the volatility of the market further aggravated every time a new Covid-19 variant emerged with the resultant resurgence of the spread.

In the second half of the year, the interest rate began to show uptrend in a full-scale as global inflation took center, as shown in the two times of interest raise by the BOK and net sales of government bonds by foreign investors. However, with the emergence of the Omicron variant and resurge in the contraction numbers, domestic disinfection measures were strengthened, which affected the fall of bond yields of both long-term and short-term in December.



Housing and Housing Finance Market

1. The characteristics of Housing Market in 2021

The housing real transaction price index in 2021 increased by a large scale in most of the regions, showing 18.5% of increase, the record high since the statistics began.¹⁾

Notably, metropolitan areas recorded high increase of prices with 24.1%, including Seoul, Gyeonggi, Incheon with 15.4%, 29.9%, and 33.3% of increase respectively. However, in the 4th quarter of 2021, the price upward trend was somewhat moderated in general. Among the five major metropolitan cities, Gwangju came in the top with 19.1% of increase, while in terms of district and county units, Haeundaegu of Busan recorded the highest increase of 31.1%.

In Busan, Daegu, and Gwangju, the differences between the highest and lowest increase rate areas showed the gap over 10%p, whereas Daejeon and Ulsan recorded the moderate gap within 4%p.

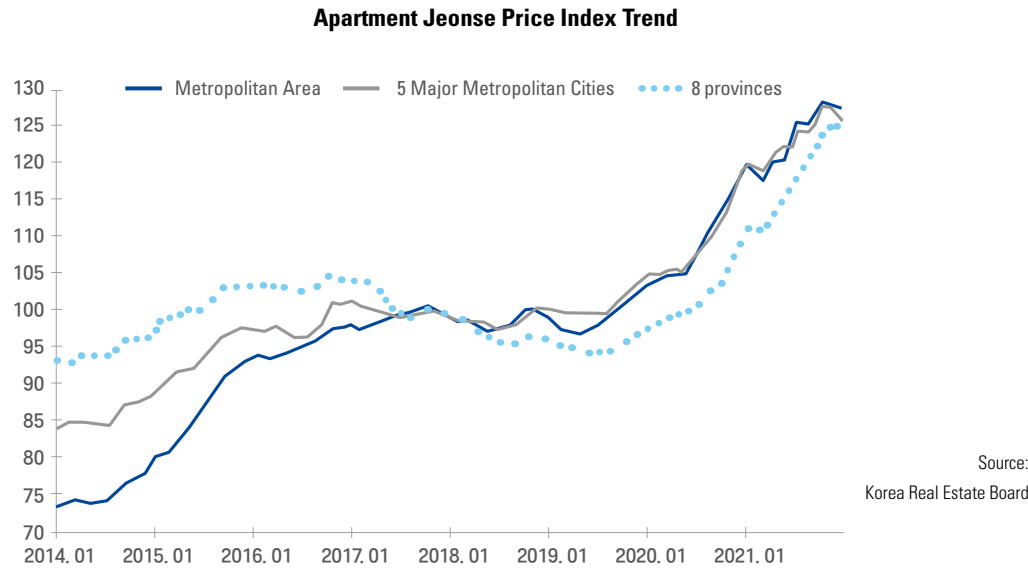
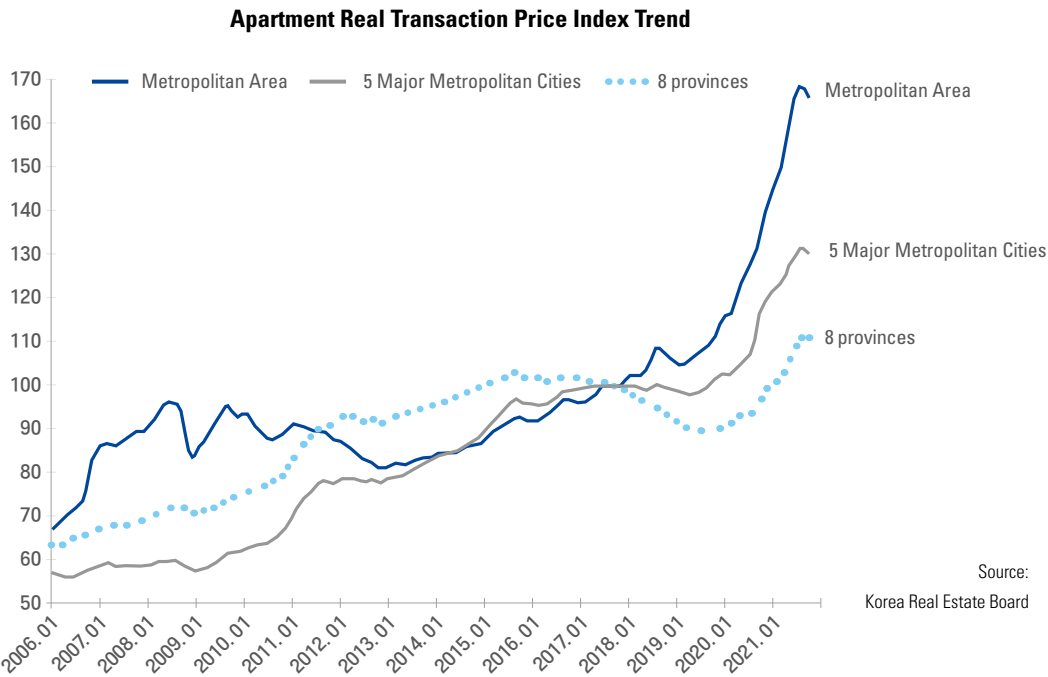
In case of metropolitan areas, the outskirt regions of Seoul(Dobong, Nowon, Gwangbuk, etc.) and parts of Gyeonggi areas, recorded a marked increase unlike previous years before 2021, which can be attributable to the shift of the demand to these areas of relatively low preferences as housing prices in center areas shot up.

In 2021, housing Jeonse prices showed a larger increase than 4.6% of the previous year, recording 6.5%.

The accumulated apartments Jeonse real transaction prices in 2021 rose 7.1%, a moderate increase compared to 13.6% of the previous year.

1) Nationwide Housing Transaction Prices (YoY): 1.10% in 2018→ -0.36% in 2019→ 5.36% in 2020→ 9.93% in 2021

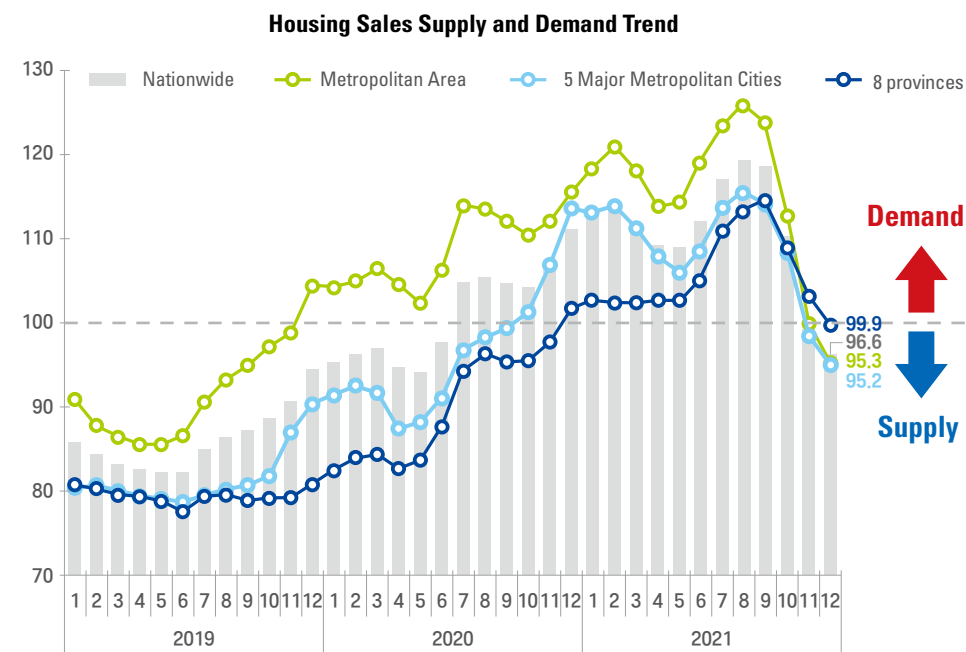
Notably, metropolitan areas and the five metropolitan cities showed a price peak in September, after which the trend shifted to downward. The slightly moderate increase of Jeonse prices in 2021 can be attributed to the decrease in demand as the Jeonse prices soared, impacted by the enactment of the three Tenants Protection Laws, and the increase of Jeonse contract renewal volumes by tenants who exercised the right to renew the contract.



2. Housing Supply and Demand Trend

The Housing Sales Supply and Demand Trend, which shows how the supply balances against the demand, dipped lower than the benchmark(100) during the fourth quarter in most of the regions, indicating the previous excessive supply was resolved.

Whereas the trend in most of the regions stood at more or less of mid-90, Daegu and Sejong indicated excessive supply with less than 90 scores, recording 87.74 and 86.85 respectively,



Note) The figures are response values for all housing types; an index has a value between 0 and 200; a value of 0 to 100 means a relatively high supply, whereas the value between 100 and 200 indicates a high demand in the market.

Source: A Survey of Nationwide Housing Price Trend, Korea Real Estate Board

3. Housing Price and Transaction Trend

① The medium price trend

The medium price of nationwide apartments exceeded USD 472,700 as of the end of 2021, recording about USD 81,800 YoY increase.

By region, in the metropolitan areas, the medium price went up to USD 700,000 at the end of 2021, a USD 118,200 increase from the previous year. In the five metropolitan cities, the price increased by USD 54,500, from USD 254,500 to USD 310,000, while the eight provinces saw the price went up by USD 27,200, from USD 145,500 to USD 172,700.

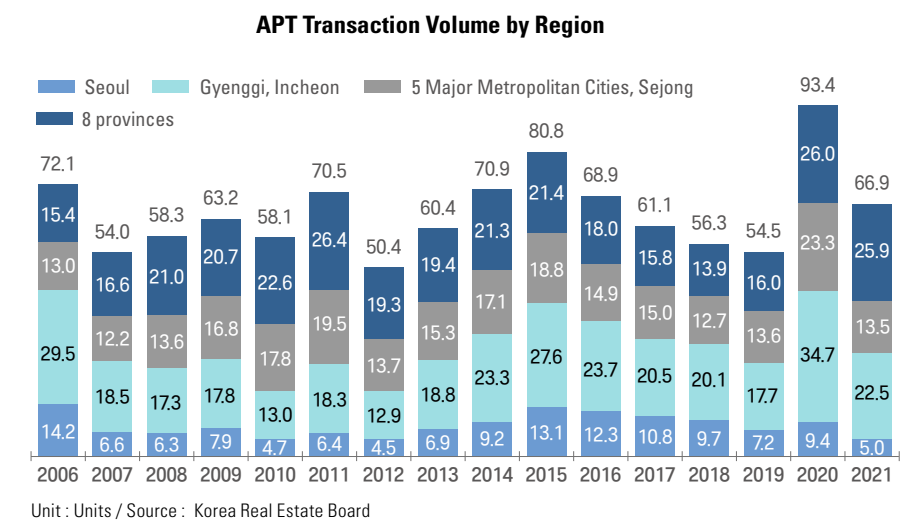
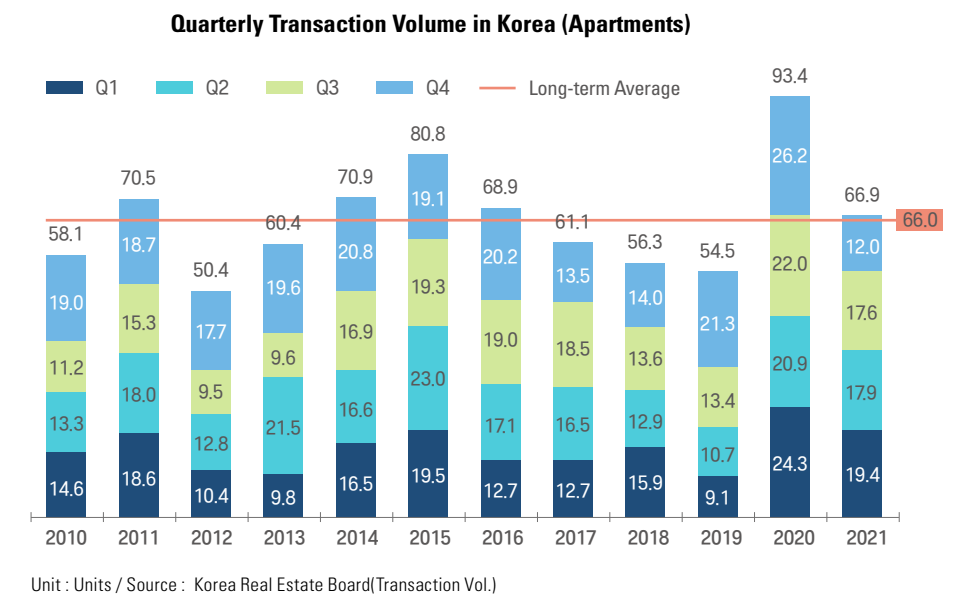
The nationwide apartment Jeonse price moved from USD 254,000 at the end of 2020 to USD 291,000 in Oct 2021, then slightly moved down to USD 282,000 at the end of 2021. By region, the price in the metropolitan areas went up to USD 400,000 at the end of 2021, the YoY increase of USD 45,500, whereas the five metropolitan cities and the eight provinces saw the price increase of USD 27,300 and USD 18,200 for each.

② Transaction Volume Transaction Volume

The transaction volume in 2021 was 669,000, exceeding the long-term average. The Jeonse and monthly rent transaction volume slightly decreased from the previous year, but still sustained high level of one million, which is 200,000 larger than the long-term average.

The transaction volume in Seoul and Gyeongin areas differed as the demand moved to Gyenggi areas with non-restriction. In 2021, the transaction volume in Seoul went down from the previous year, which led to the record low accumulated transaction volume since 2012. Gyengin areas also showed the decline trend of transaction volume, however, the accumulated transaction volume is higher than the long-term average of 211,000 units.

The transaction volume in non-metropolitan areas in 2021, is on the decline trend after hitting the record high number in 2020, however the accumulated transaction volume varies among the five metropolitan cities and the eight provinces.



4. Financial Market Trend

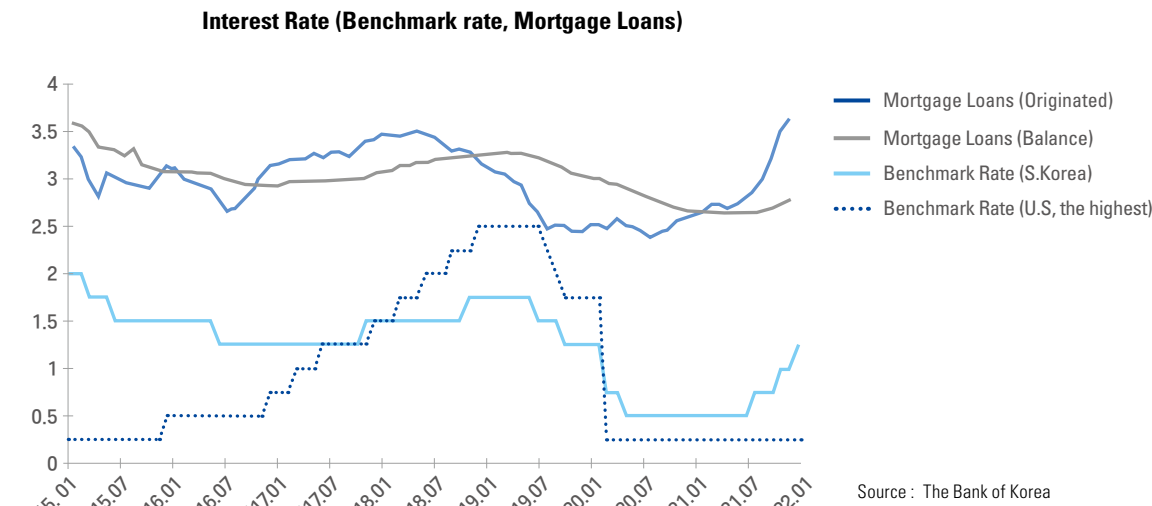
① Mortgage Loan Interest Rate

As the benchmark interest rate of BOK rose, mortgage loan interest rate has been upward trend after the first half of the year.

As of the end of 2021, mortgage loan interest rate rose by 1.04%p from the previous year, with 3.63%. In addition, compared with the end of the last year, CD interest rate went up by 0.61%p with 1.7%, whereas COFIX rate rose by 0.79%p with 1.69%.

Weighted Average Interest Rate of Loans from Deposit Banks (Unit : %, %p)						
Category	2016	2017	2018	2019	2020	2021
	Dec	Dec	Dec	Dec	Dec	Dec
Weighted Average Interest Rate on Loan ¹⁾	3.44	3.62	3.72	3.22	2.74	3.25
Corporate Loan	3.54	3.64	3.77	3.36	2.73	3.14
Household Loan	3.29	3.61	3.61	2.98	2.79	3.66
Mortgage Loan(A)	3.13	3.42	3.19	2.45	2.59	3.63
CD rate(91 days)(B)	1.54	1.66	1.91	1.53	0.66	1.27
Spread(A-B)	1.59	1.76	1.28	0.92	1.93	2.36
COFIX rate ²⁾ (B')	1.56	1.79	2.04	1.6	0.9	1.69
Spread(A-B')	1.57	1.63	1.15	0.85	1.69	1.94

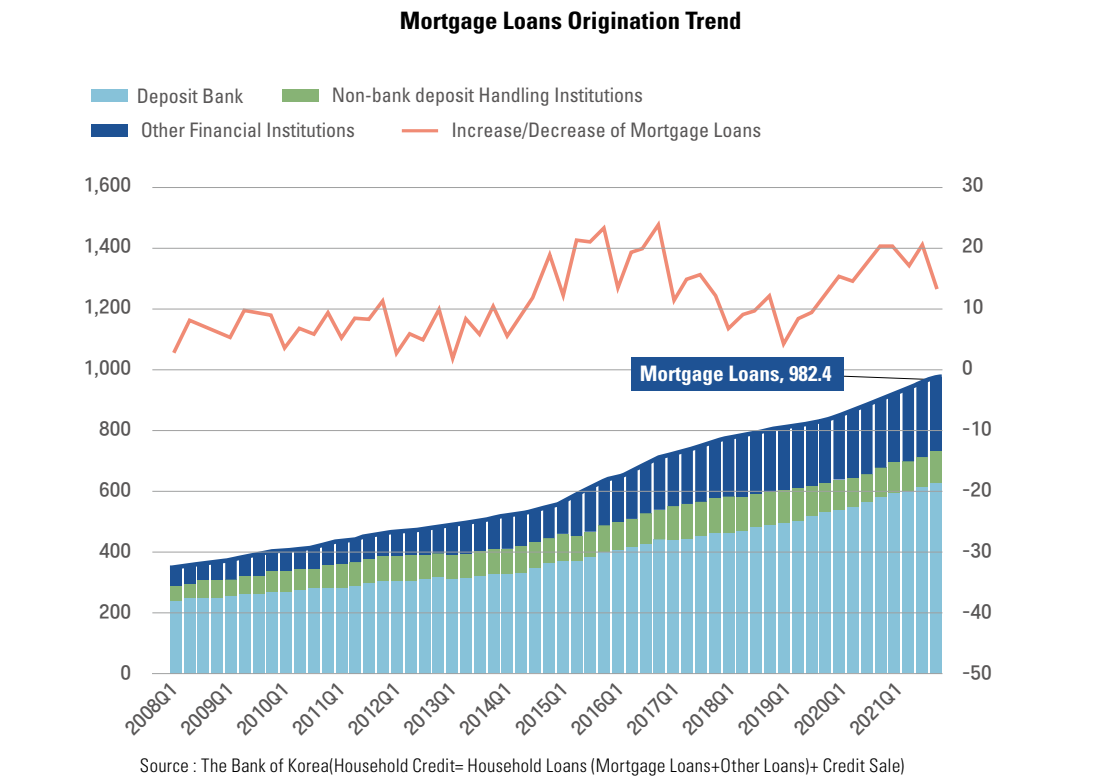
Note : 1) Weighted average interest rate on new loans from deposit banks
Note : 2) COFIX rate for loan origination(Announced rate to be applied for application from 15th of the following month)
Source : The Bank of Korea, Korean Federation of Banks



② Mortgage Loan Balance

As of the end of 2021, the mortgage loan balance held by deposit financial institution and HF, etc, stood at USD 893.1 billion, recording 7.9% increase from USD 827.8 billion of last year.

From the third quarter of 2021 with USD 18.9 billion of balance, the outstanding balance increase has somewhat slowed down, with the balance of USD 12.1 billion of the 4th quarter, which can be attributable to the tighter government regulations on the household debts and the rise of the interest rate.



Mortgage Loan Balance (Unit : USD billion)						
Category	2016 EO	2017 EO	2018 EO	2019 EO	2020 EO	2021 EO
Deposit Handling Institutions	496.22	525.74	549.53	576.13	617.86	667.71
Deposit Bank	402.33	422.01	449.33	485.42	530.82	572.33
Non-bank deposit handling institutions	93.89	103.73	100.20	90.71	87.04	95.38
Other Financial Institutions	154.44	174.25	184.99	190.12	209.99	225.38
Total ¹⁾	650.65	699.99	734.53	766.25	827.85	893.09

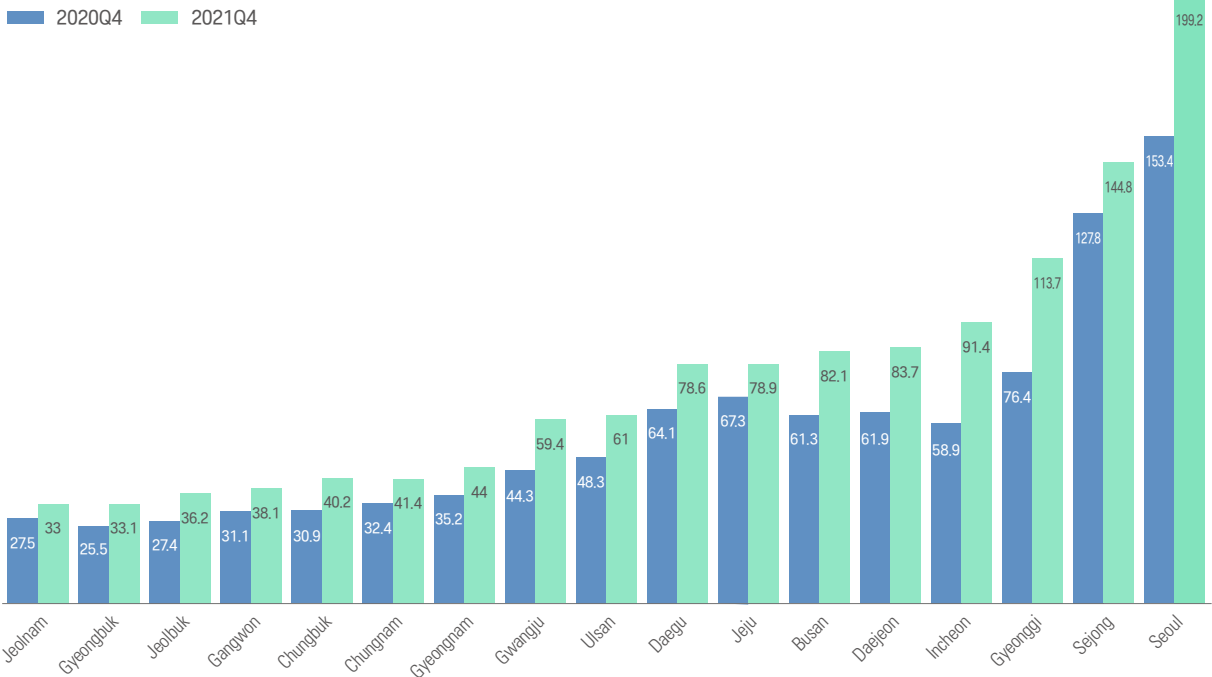
Note 1) Excluding amount transferred to HF (including securitized amount) and amount handled by HUG(Korea Housing and Urban fund)
Source : The Bank of Korea

③ K-HAI, Korea Housing Affordability Index

Korea Housing Affordability Index(K-HAI) measures P&I re payment burden rate in case a household with a median income takes out a standard mortgage(LTV 47.9%, DTI 25.7%) to purchase a median priced house. Higher K-HAI indicates heavier P&I repayment burden, and if the index 100, it means 25% of the household income has to go for the mortgage repayment. As of the end of 2021, the nationwide K-HAI recorded 83.5, or 26.1p increase from last year, of which the cause lies in the fact that while the YoY household income increase was meager with 1.1%, the house prices and the loan interest rate shot up by 33.9% and 40.2%, respectively.

Seoul, Sejong, Gyeonggi came top three regions in terms of K-HAI index, with 199.2, 144.8, and 113.7 for each. In the meantime, Jeonnam, Gyeongbuk, and Jeonbuk recorded the lowest index with 33.0, 33.1 and 36.2. Incheon, Gyeonggi and Daejeon saw the largest YoY increase of K-HAI with 55.2%, 48.8% and 35.2%, respectively.

Housing Affordability Index by Region (YoY Change)



Source : HF

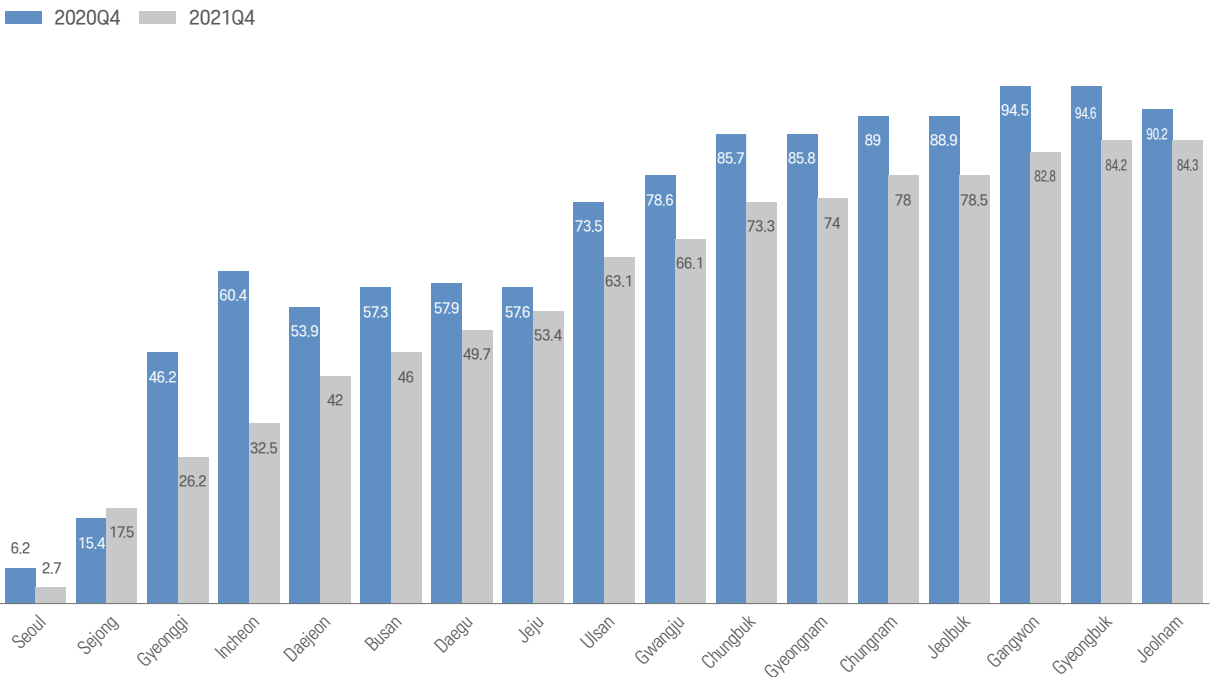
④ K-HOI (Korea Housing Opportunity Index)

K-HOI (Korea Housing Opportunity Index) is an index that shows the housing volume medium income household can purchase with their income, assets and the standard mortgage loans(LTV 47.9%, DTI 25.7%). Higher K-HOI indicates there is a large volume of houses that can be purchased; if the K-HOI is 100, it can be interpreted that there are enough houses that can be purchased by entire medium-income households.

At the end of 2021, K-HOI across the nation recorded 44.6, 12.3p lower than the previous year. This is attributable to the facts that whereas medium income households saw little increase in their income and asset values, they were hugely affected by soaring apartment prices and loan interest rate increases.

By region, Jeonnam, Gyeongbuk, and Gangwon posted the highest K-HOI in the order, with 84.3, 84.2 and 82.8 of K-HOI respectively, while Seoul, Sejong, Gyeonggi showed the lowest in the order, with 2.7, 17.5, 26.2, and 32.5 for each. All regions except Sejong(2.1p yoy increase) saw a decline in K-HOI, with Seoul, Incheon, and Gyeonggi recording the largest dip in K-HOI, with fall of 56.5%, 46.2%, and 43.3%, respectively.

Housing Opportunity Index by Region (YoY Change)



Source : HF

Business Performance

HF maps out a better future for the public,
from housing welfare to a happy retirement.

01

Securitization

Korea Housing Finance Corporation promotes homeownership with the Bogeumjari Loans, its long-term, fixed-rate, and amortized mortgage loans, and Conforming Loans and raises funds from capital markets for public mortgage loans by issuing MBS and MBB, contributing to enhanced housing welfare for the people.

Public Mortgages Supplied in 2021

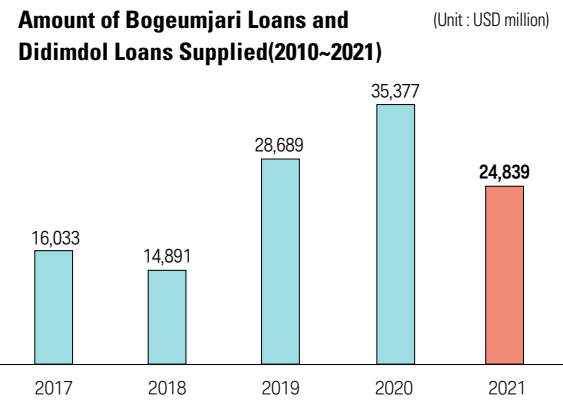
Bogeumjari Loans and Didimdol Loans USD **24.8** billion

Conforming Loans USD **4.1** billion

Provision of Bogeumjari Loans and Didimdol Loans

The Bogeumjari Loan is the nation’s first long-term, fixed-rate, and amortized mortgage loan to help low-to-moderate income households realize their dream of owning a home. The cumulative amount of Bogeumjari Loans (including Didimdol Loans) supplied since the scheme's launch has reached USD 214.5 billion, supporting a total of some 2.03 million households to purchase their home and, thereby, contributing significantly to promoting homeownership among low-to-moderate income households and end users.

In 2021 alone, HF provided USD 24.8 billion in mortgage loans(Bogeumjari Loans 85.4%, Didimdol Loans 14.6%) to about 164,000 homebuyers.



To support residential stability of low-to-moderate income households, end-users and vulnerable group under heavier residential costs burden due to the prolonged pandemic and the rate increase trend, HF adopted ‘Affordability Support Program’ in 2021. Since the launch in September, 2021, the program supported 6,548 households with the worth of USD 904 million provision, reducing the residential costs for the users.

Affordability Support Program

Income Criteria	• Low income households with annual combined couple income of USD 40,900 or less
Eligible House	• Houses priced USD 454,500 or less in Seoul and Metropolitan areas, USD 281,800 or less in other areas.
Benefits	• 10bp of additional preferential rate discount for the eligible borrowers

In 2021, the average age of Bogeumjari and Didimdol Loan borrowers was 39 years old with the average annual income of around USD 40,900. The average price of homes was USD 281,800 with 93.0% of house size of 85m² or less. These indicate that the loans are mostly used by low-to-moderate income groups and end users.

Bogeumjari Loan Borrowers and Their Housing Characteristics in 2021

Borrower Information	Age	39 years old
	Annual Income	USD 40,900
Loan Information	LTV	58.9%
	DTI	26.0%
Collateral Information	House Type	Apartment 91.1%
	House Size	85m ² or less : 93.0%
	House Price	USD 281,800

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 and potentially could destabilize the financial market . To address this issue, 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 product name, interest 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 454,500 for houses worth USD 818,200 or less. With provision of USD 4.1 billion of conforming loans to 2.2million households in 2021, the total conforming loans accumulated reached USD 120.4 billion for around 1.216 million households since the launch.

In 2021, the loans were provided mainly to middle-class, end-user borrowers in their 40s, with the average age of 42 and the average home value of USD 490,900.

Conforming Loan Borrowers and Their Housing Characteristics in 202		
Borrower Information	Age	42 years old
Loan Information	LTV	47.1%
	DTI	26.9%
Collateral Information	House Price	USD 490,900
	House Type	Apartment 96.5%

Non-Recourse Public Mortgages

In May, 2017, HF launched ‘The Limited Recourse Didimdol Loan’ to prevent the financial collapse of low-income households and support them to get back on their feet at times of housing price downturn due to economic crises. A limited recourse loan is a type of loan, often dubbed a non-recourse loan, that limits the borrower’s liability for the home being mortgaged and does not allow the lender to seek payment beyond the collateral in the event of default due to a decline in home prices.

Recourse Loan	Non-Recourse Loan
Further claim beyond collateral and for other assets of the borrowers	Claim restricted only to collateral

At the time of its launch, the non-recourse loan was available only to couples with a combined annual income of USD 27,300 or less. Soon after the launch, HF alleviated the criteria, making the loan available for borrowers of all income bracket(USD 63,600). At the same time, HF expanded the non-recourse scheme which had been confined to Didimdol loans to include the Bogeumjari Loans and Conforming Loans in 2018, subsequently extending it to all public mortgage products. In 2020, the terms were further alleviated to include owners of two houses, under condition that they will dispose one of the houses within certain period.

In 2021, HF took a further step to expand the non-recourse Bogeumjari loans which had been available only for house purchase to be allowed for redemption as well. In 2021 alone, HF offered USD 11.7 billion of non-recourse public mortgages for about 73,000 households, contributing to the better protection of financial consumers and serving as the safety net in the financial market.

Non-Recourse Public Mortgages Supply Volume	
Bogeumjari Loans	USD 10,214million
Didimdol Loans	USD 1,435million
Conforming Loans	USD 13million
Total	USD 11,662million

Launch of Super-long Term Public Mortgage

In July, 2021, HF introduced ‘The Super Long-Term Public Mortgages(Bogeumjari and Conforming Loans)’ with 40-year maturity for the first time in the country. With the release of the product, HF broadened maturity options for young adults and newlywed couples who are struggling to have a homeownership with the surge in housing prices and low disposable income, while alleviating their P&I repayment burden.

Since the launch, HF provided about USD 1.8 billion of the product, supporting 8,662 households of young adults and newlywed couples to be a homeowner and effectively implemented financial inclusion.

Digital Transformation

As there are growing demands for digital transformation in the post pandemic era, the government has pushed for digital transformation in the private and public sector. Accordingly, HF expanded digital-based public mortgage application and underwriting system, enhancing underwriting efficiency and application convenience for greater accessibility of the public mortgages.

The purposes of digitalization lie in improving the accessibility to public mortgages by building a system for easy and convenient application and increasing underwriting efficiency with fast and precise system. To this end, HF devised a comprehensive plan for digital transformation and has consistently pushed ahead with the plan. Whereas the focus in 2020 was greater customer accessibility with the website overhaul, introduction of easier terms and terminologies and online spouse consent, the focus in 2021 has shifted to the greater underwriting efficiency, by building a digital underwriting system with the following specifics;

First, HF performed digital transformation for efficient underwriting. The automatic underwriting system was further advanced with the automatic input with date scrapping, prior screening for non-homeownership system, and the real estate

registration information & market price automatic screening system. As a result, the number of manual input items was reduced by 31.5% and the underwriting process was expedited by 4 days. In addition, by serving as the test bed for the Next Generation IT System, HF examined potential issues in the underwriting system, an operated the nationwide ‘Error Detection & Correction Center’, thereby contributing to the stable introduction of the Next Generation IT system.

Second, HF opened the ‘Underwriting Support Center’ and completed digital underwriting system. From the previous digitalization of the previous main underwriting phase, digitalization transformation expanded to include the prior underwriting preparation phase as well.

In the underwriting preparation phase, the data for the check, print, documentation, complementation and screening documents were all digitalized, promoting the efficiency of the overall underwriting process. As a result, underwriting productivity increase by 65% compared with those of branches, and the average underwriting process was shortened to 6.3 days.

Lastly, HF put in place ‘The Permanent Branch Underwriting Support System’. By focusing on the pre-underwriting for public mortgages, the center facilitated a stable provision of public mortgages, offering support not just for public mortgages for preservation or redemption, but also for the underwriting of the mortgages for a purchase.

With these efforts, 35% of all HF public mortgages (in terms of the number of underwriting cases) were provided by the Digital Finance Department. In addition, with the ‘Regular Underwriting Support System’, the department supported branches inundated with public mortgage applications. In 2021, over 15 times, it supported 5,073 underwriting cases. In particular, by providing special underwriting support for branches temporarily closed due to Covid-19, it helped the consumers in the region could take out the public mortgages on time.

Issuance of Mortgage-Backed Securities (MBS)

The principal purpose of HF's securitization business is to fund the 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 and middle classes.

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.

HF issued MBS in nine tranches with maturities of one year to 30 years. Considering the nature of the cash flow of mortgage loans, securities with a maturity of five years or longer are embedded with 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 2021, HF regularly issued MBS 26 times in the combined amount of about USD 31.3 billion. As the government took more stringent measures against rising household debts, eligibility requirements for home loans were tightened. However, in order to fund the supply of public mortgages for financially-vulnerable groups, HF maintained stable issuance volume of the MBS. As of the end of 2021, HF MBS saw its cumulative issuance amount

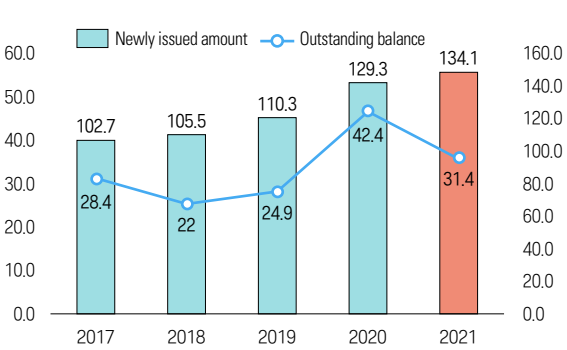
Overview of MBS Issuance

Underlying Assets	- Mortgage loans (Bogumjari, Didimdol, and Conforming Loans)
Amount Issued	- About USD 1.1 billion per issuance
Issuer	- HF Trust (Trustee : HF)
Issuance Structure	- HF guarantees full principal and interest payments for senior MBS. - Multiple maturity tranching <ul style="list-style-type: none">•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

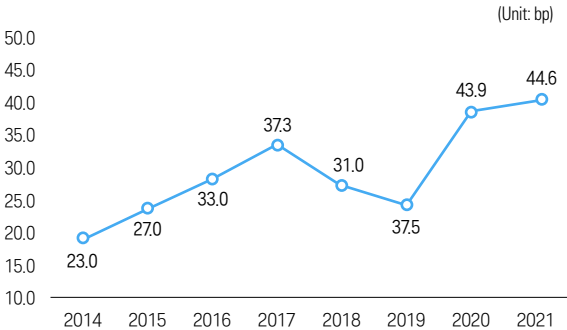
and outstanding balance reach approx. USD 317 billion and USD 134.1 billion, respectively, becoming top domestic bonds next to the Treasury Bonds.

HF determines the MBS issuing rate by adding a spread to the benchmark treasury bond yield. In 2021, with strategic issuance plan and execution, HF managed the annual average range of

MBS Issuance Trends by Year



Trends in the Weighted Average Spread of MBS



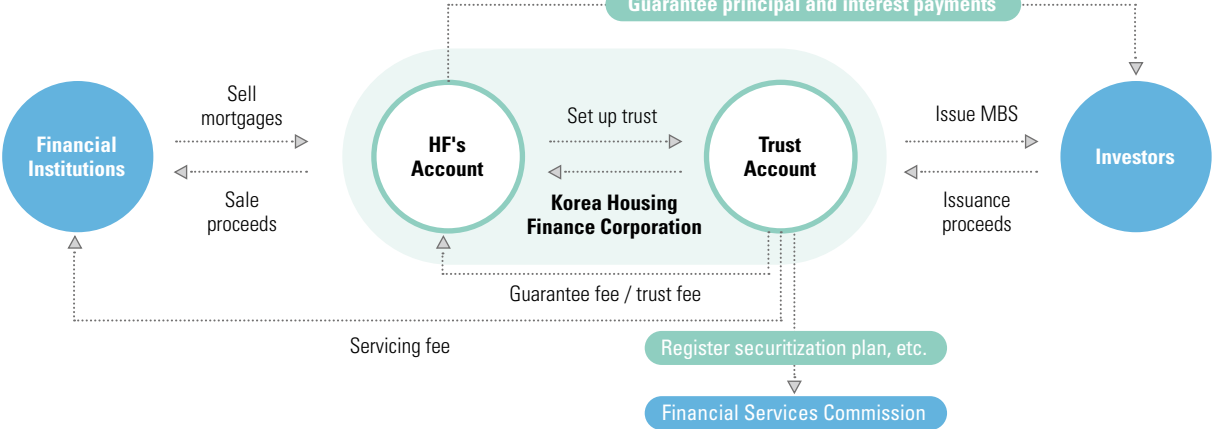
2021 MBS Investment by Maturity and Investors

(Unit: USD million, %)

Category	Short-Term MBS (1 to 3 yrs)	Medium-Term MBS (5 to 7 yrs)	Long-Term MBS (10 to 20 yrs)	Total
Insurers	327	1,005	2,682	4,014 (12.9%)
Mutual Finance	82	973	91	1,145 (3.7%)
Pension Funds	1,308	2,518	1,591	5,418 (17.4%)
Banks	4,378	7,805	1,473	13,655 (43.9%)
Investment Trusts	807	136	609	1,553 (5.0%)
Securities Firms	2,236	1,582	618	4,436 (14.2%)
Overseas	914	-	-	914 (2.9%)
Total	10,052 (32.3%)	14,019 (45.0%)	7,064 (22.7%)	31,135 (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.

MBS Issuance Structure



the spread within around 40 bp year, as in the last year, despite the rate upward trend due to concerns on the inflation and the instable supply and demand of the bond market ensued by the massive issuance of the government bonds(USD 155.5 billion).

(MBS Weighted Spread: 43.9bp in 2020, 44.6bp in 2021)

In addition, in order to address the issue of limited negotiability of general MBS due to call options, HF issued straight MBS not embedded call options for all tranches for the first time since its establishment. Through these market-friendly efforts for MBS issuance structure diversification, HF could newly absorb investment demand from foreign investors and asset management firms. As the Straight MBS were issued with the spread 27bp lower than that of general MBS, the issuance also contributed to lower the costs of funding public mortgages.

*The spread of previous MBS(2021-20) : +38bp, Straight MBS spread (2021-21) : 11.1bp

In particular, 67.7%, or USD 21.1 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. Among them, the issuance of super-long term MBS with 30-year maturity, first introduced in 2020, were worth of USD 200 million, 450% of year-on-year increase, providing stable funding for the newly introduced super-long term public mortgages with 40-year maturity.

In addition, the amount of pass-through MBS issuance, first introduced in 2016, recorded USD 3,440 million in 2021.

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

Covered bonds, common in Europe, are bonds issued by financial institutions with prime assets such as mortgages 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(dual-recourse), which enables a steady flow of financing at low interest rate.

Since 2010, HF has raised a total of USD 7.9 billion by issuing 12 rounds of foreign currency-denominated covered bonds, thus diversifying its funding sources. In particular, it successfully issued the covered bonds worth the record level of 1.55 billion euro, becoming the top euro-denominated bonds issuer in Asia*.

* Based on the accumulated bond issuance volume between 2018 and 2021.

In addition, with the qualitative growth evidenced by the issuance at the record low rate (-0.075%, June 2021) and successful issuance of euro covered bonds with 7-year maturity for the first time in Korea, HF is leading the foreign currency-denominated covered bonds issuance of domestic financial institutions.

Asset Management

As of the end of 2021, HF held a total of USD 137.9 billion in securitized assets: USD 137.8 billion in mortgage loans and USD

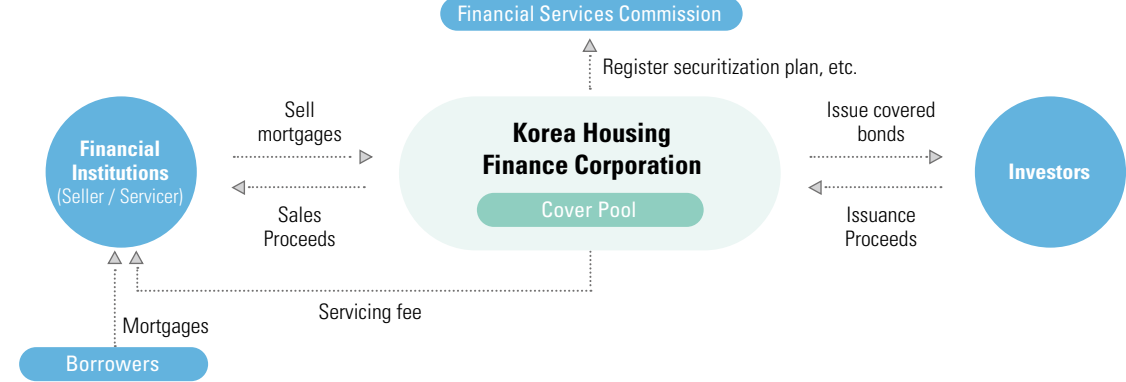
40 million in student loans. Its mortgage loan balance rose from the previous year by USD 10.2 billion due to its steady supply of Bogeumjari Loans and Conforming Loans. However, its student loan balance decreased by USD 26 million from a year earlier, as the transfer of its student loan business to Korea Student Aid Foundation in 2010 halted the inflow of new assets and led to recasting and refinancing.

In 2021, HF strengthened its support for the socio-economic disadvantaged groups and enhanced customer satisfaction by alleviating requirement criteria for Didimdol loan principal repayment delay, adopting special measures to allow delay of principal payment for workers in specific areas, and offering borrowers with reduction on the interest for arrears for overdue repayment.

HF also worked with small loan finance firms and public institutions to help struggling borrowers with reduced income due to loss of job or close of stores, providing them with employment, business or credit debt consulting, making efforts to address the fundamental causes of the repayment crisis of borrowers.

On top of these efforts, by advancing RPA(Robotic Process Automation) system, HF broadened automation of simple and repetitive work while adopting digital notification system, thereby building customer-friendly service.

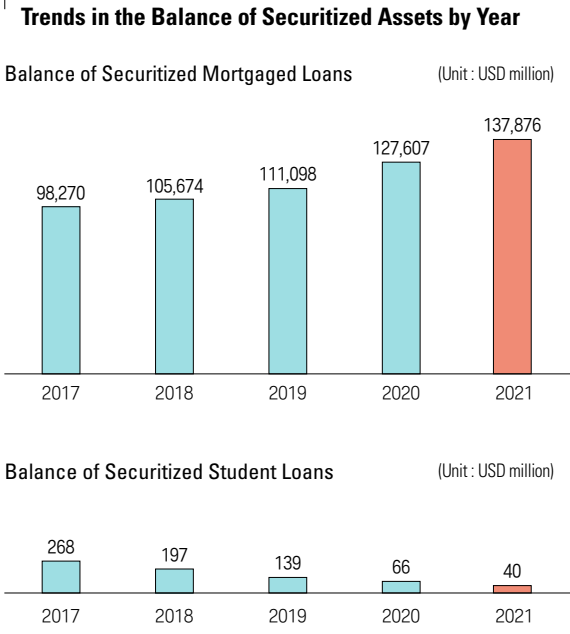
Covered Bond Issuance Structure



Trust Asset Management

Securitized Assets as of 2021 End			
(Unit : No. of Account, USD million)			
Classification	Trust Pool	Securitized Assets	
		No. of Accounts	Loan Balance
Mortgage Loans ^{Note)}	622	1,471,080	137,876
Student Loans	17	74,583	40
Total	639	1,545,663	137,916

Note) Purchase and hold, as well as USD 7.4 billion in MBB included



By the end of 2021, HF issued USD 139.7 billion of MBS and USD 7.1 billion of SLBS, totaling USD 326.7 billion in asset-backed securities. Of this amount, USD 192.6 billion was repaid.

In 2021, HF made various efforts, devising a trust fund operation strategy in the Covid-19 ensued low-interest rate trend, enhancing efficiency of the trust fund management through collective settlement of SLBS and execution of MBS Clean-up call option, and stepping up market-friendly efforts with K-MBS promotion.

First, in respond to the global low-interest* trend in the wake of Covid-19, HF reinforced the market agility of the trust fund operation. To address decrease of ROI of short-term products, HF increased the year-on-year share of A1 grade-ABCP(Asset Backed Commercial Papers) first adopted in 2020 in its portfolio from 1.4% to 20.9%. In addition, by expanding the underlying assets of ABCP, which used to be confined to domestic saving deposits to include overseas saving deposit of Moody's A1 grade or higher, HF delivered 33bp excessive return among short-term products with less than 90 days of maturity, compared with the average bidding rate of subtranche products. At the same time, HF promoted both profitability and stability of fund operation by managing the aggregated risk amount within the proper risk capital limit, recording 142.6% of BM profitability(average asset yields of the market).

MBS/SLBS Issuance and Repayment as of 2021 End

Classification	Cumulative Issuance Amount	Repayment (Cumulative)			Outstanding Balance
		Repaid at Maturity	Prepaid (Call Option)	Total	
MBS	319.7	107.3	78.2	185.5	134.1
SLBS	7.1	2.4	4.6	7.1	-
Total	326.8	109.7	82.8	192.6	134.1

Second, for efficient operation and management of soaring trust fund, HF performed collective settlement of SLBS (17 pools) and the strategic exercise of clean-up call*(12 pools). Unlike clean-up call options that were exercised on a routine, HF selectively exercised the option for the cash-strapped pools that required urgent settlement among 100 pools of which trust can be terminated.

* Clean-up Call:Refers to exercise of call option for early termination of trust, when the outstanding balance of loans or MBS falls to 5% or less.

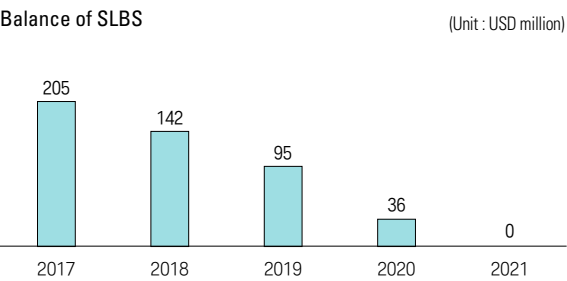
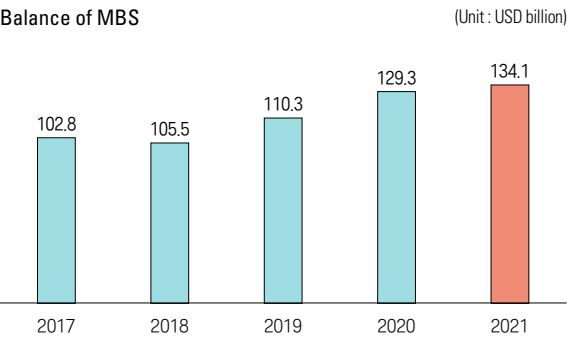
In addition, in order to minimize the operation risk by the application of new Next Generation IT system, HF included two-way feedback system with developers from the test phase and ensured the stability and suitability of the trust management works right with the opening of the new system.

Third, HF started development of MBS price index for the improvement of K-MBS(MBS disclosure portal), rolled out of K-MBS promotion, and stepped up market-friendly efforts through close communication with related institutions.

To commission the MBS price index development consulting, HF completed the basic data design and electronic requirements definition, thereby laying the ground work for MBS price index system build-up and disclosure. In addition, K-MBS promotion brochures were published and distributed to credit rating agencies, pension funds, research institutions, and worked to advance the service quality with promotion event of VOC survey. HF held meetings with K-MBS related institutions and working groups of financial institutions for their comments and reflected them on the work plan. With these various efforts, HF pushed ahead for advancing its disclosure service quality.

Other efforts of HF for reliable and stable trust asset management in the fast changing capital market include internal and external customized empowerment training for employees, stipulation of asset management operation risk management in its bylaws, and work process improvement.

Trends in the Balance of Securitized Assets by Year



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.

Operating Multiplier	13.4times
Amount of Guarantees for Individuals	USD 54.5billion
Amount of Guarantees for Home Builders	USD 4.7billion

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 2021, HF provided USD 59.2 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 2021, HF has provided USD 521.5 billion of guarantees for 14.1 million households in total. (USD 473 billion for 11.5 million households in individual guarantees and USD 48.6 million for 2.63 million households in home builder guarantees.)

Credit Guarantee Supply by Year since HF Establishment										
(Unit: USD billion)										
Classification	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Individuals	24.4	23.2	28.1	32.2	34.3	31.3	39.2	46.3	54.9	54.5
Builders	0.7	1.0	0.9	1.9	2.2	2.0	2.2	3.3	3.8	4.7
Total	25.1	24.2	29.0	34.1	36.5	33.3	41.4	49.6	58.7	59.2

Credit Guarantees for Individuals

In 2021, HF rolled out multi-faceted its guarantee product improvements to support non-homeowners and vulnerable groups exposed to residential instability due to prolonged Covid-19 crisis and expanded volatility of the housing market. First, reflecting the recent housing market development with rising house prices and hike in Jeonse prices, HF alleviated the rent deposit requirement for its Joense Deposit Guarantee and expanded the guarantee limit for its Jeonse Deposit Return Guarantee, greatly lowering the threshold of its guarantee product application. Second, HF enhanced targeted support for young adults and newlywed couples with non-homeownership. By increasing the guarantee limit per capital for Jeonse and Monthly Rent Guarantee products for Young Adults (released in May, 2019) from USD 63,340 to USD 90,900, young adults who have difficulties in proving their income source can access to the Jeonse and monthly loans at low interest rate.

As a result, HF supplied the record volume of guarantee supply of USD 5.4 billion to about 100,000 young adults in 2021 alone.

Credit Guarantees for Home Builders

As parts of its efforts to strengthen its role as a public institution to support young adults, newlyweds and other groups with residential vulnerability, HF expanded combined construction loan guarantees and support for community housing for young adults and other disadvantaged groups, facilitating construction of rented housings and pre-lot sales of home builders, enabling provision of affordable housings for many end users. In addition, HF newly included rent business in its PF guarantee product category to broaden funding options for private rent business owners, while reducing excessive corporate debt burden on individuals, and inducing construction companies to reduce contingent liabilities of construction companies.

As a public guarantee institution, HF worked to promote social

values such as ESG, and support government policies along the way. It stipulated a rise of guarantee limit for the buildings long abandoned, with an aim to improve residential conditions for dilapidated areas and for residents thereof, providing a ground for support for the buildings of which construction had been suspended. In addition, by commissioning research for urban regeneration methods, it explored ways to enter urban regeneration business.

HF induced advancement of supplier finance market and adopted digital underwriting system, advancing checklist-based underwriting system for loans of USD 1.36 million or less, which all expedited decision-making process. In addition, it revamped standards for jurisdiction categorization and expanded dedicated branches to 10, where customers can enjoy professional, efficient, high quality service.

Thanks to these efforts, HF supplied USD 4.7 billion of home builders guarantees, the record high amount, facilitating housing construction and residential stability of the people.

Supply of Housing Finance Credit Guarantees by Product in 2021			
(Unit: USD billion, %)			
Classification		Volume of Guarantees Provided	Share
Guarantees for Individuals	Jeonse	44.9	82.3
	Intermediate Payments	6.7	12.2
	Purchases	1.9	3.5
	Deposit return	1	1.8
	Others*	0.1	0.2
	Subtotal	54.5	100.0
Guarantees for Builders	Construction	2.6	55.9
	PF	2.1	44.1
	Subtotal	4.7	100.0
Total		59.2	-

* Including construction & renovation funds, indemnity recovery, and monthly rent guarantees.

Breakdown of Housing Finance Credit Guarantee Users in 2021		
Guarantees for Individuals	Home sized 85㎡ or below	95.1%
	Annual income of USD 36,400 or less	73.4%
Guarantees for Builders	Small- and medium-sized construction companies	95.4%

In 2021, guarantees for individuals were mainly offered to low income people with a home size of 85m² or below, and with an annual income of USD 36,400 or less, while the main customer group of guarantees for builders was small-and-medium-sized construction companies with relatively less financial resources.

Fund Status

Various sources contribute to the Housing Finance Credit Guarantee Fund. These include the government and financial institutions, guarantee fees from customers, recoveries on indemnities, and revenues from fund operation. In 2021, the Fund raised a total of USD 3.3 billion, which breaks down to USD 800 million of contributions from financial institutions, USD 120 million of guarantee fees, USD 106 million of recoveries on indemnities, and USD 67 million of fund operation revenue. For more than a decade since 2008, it has been financially independent from the government.

Regarding contributions from financial institutions, HF extends preferential rates to financial institutions that have exceeded their goals or shown better year-on-year performance in the provision of fixed-rate and amortized loans. This encourages them to join in the effort for qualitative structural improvement in household debts, thus increasing stability in the home financing market.

As for guarantee fee revenues, based on the stable guarantee fund, HF substantially reduced guarantee fees for Jeonse Guarantee and Jeonse Deposit Return Guarantee products to ease residential costs burden on low income tenants. In particular, it lowered the minimum guarantee fees of Jeonse

Guarantee from previous 0.05% to 0.02%, whose customers are mostly low income households and other vulnerable groups, such as young adults, newlywed couples and single parent households and operate the guarantee fees system for low-to-moderate income households with non-homeownership.

Funding Sources of Housing Finance Credit Guarantee Fund (Unit : USD million)										
Category	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Government Contributions	-	-	-	-	-	-	-	-	-	-
Contributions from Financial Institutions	5,646	6,131	6,411	7,067	6,150	5,726	7,236	7,911	7,704	8,818
Guarantee Fee Revenues	1,031	1,168	1,114	1,120	1,338	1,150	1,194	1,361	1,479	1,325
Recoveries on Indemnities	1,335	1,829	1,679	1,969	1,908	1,405	1,179	1,207	1,475	1,171
Fund Operating Revenues	1,079	1,043	979	806	719	949	680	1,166	1,378	734
Others*	12,412	15,762	23,199	15,721	22,320	37,665	27,442	41,790	46,472	24,042
Amount of Funding Raised	21,503	25,933	33,382	26,683	32,435	46,895	37,731	53,435	58,508	36,090

* Collection of surplus fund, etc.

Base Capital and Operating Multiplier

As of the end of 2021, the base capital of the Fund showed year-on-year increase to USD 7.9 billion, based on the stable stream of financial contribution after the overhaul of the contribution system. The financial soundness of credit guarantee operations is measured by the operating multiple, which is computed by

dividing the balance of guaranteed loans outstanding by the value of the Fund’s assets (its net base capital). As of the end of 2021, the Fund’s operating multiple stood at 13.4 times, a stable level given that the statutory operating multiple is 30 times.

Operating Multiple by Year (Unit : USD billion, times)										
Category	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Base Capital (A)	2.9	3.5	4.1	4.6	5.2	5.6	6.5	7.4	7.2	7.9
IBRD Loans (B)	0.01	-	-	-	-	-	-	-	-	-
Guarantee Fund (C=A+B)	2.9	3.5	4.1	4.6	5.2	5.6	6.5	7.4	7.2	7.9
Guarantee Balance (D)	35.2	36.7	39.4	49.4	60.9	65.1	70.5	81.7	96.0	106.4
Operating Multiplier (E=D/C)	12.0	10.6	9.7	10.6	11.8	11.7	10.9	11.0	13.3	13.4

* Based on the provisional settlement account at the end of Oct, 2021. Overlapping guarantees for Jeonse and deposit return are excluded.

Default Risk Management

HF operates a default risk management system to maintain fiscal soundness of the fund and secure the base for stable guarantee provision.

First, for timely management of the loans with default risk, HF operation its own CSS(Credit Scoring System), thereby enhancing the soundness of guaranteed loans. In addition, since the introduction of fraudulent loan prevention system in 2013, HF has selected ‘groups with high risk of fraudulent loans’ which has high default probabilities for in-depth screening, thereby further preventing defaults and mitigating the risk of loss.

As part of its efforts to enhance its default prevention capacity, since the second half of 2017, HF has bolstered its default preventative procedures with semi-annual default analysis. In preparation for increase of default and delinquency rate due to economic downturn triggered by Covid-19 pandemic, HF has conducted daily and weekly default statistics.

Thanks to all of these measures, the Fund has seen a steady decline in its rate of default on guaranteed loans and the percentage of defaulted guarantee balance expected to be drawn and outstanding at default. As of the end of 2021, these two figures reached their record lows of 0.3% and 0.2%, respectively.

Management of Indemnity Rights

As for defaults on loans guaranteed by the Fund, HF maintains tight control of indemnity claims incurred as a result by thoroughly reviewing the claims made by mortgage lenders.

In 2021, to alleviate the debt repayment burden on vulnerable groups hit by prolonged pandemic and support their economic recovery, HF lowered the interest rate for arrears to the record low level among financial institutions, while introducing the ceiling for damage penalties for delays for the first time as a public financial institution. In addition, HF improved procedures of customary extension of statute of limitations and writing-

off, introducing the limit on the contact for debt collection and request system for contact limitation, all of which to establish fair debt collection system.

Furthermore, HF bolstered its efforts to recover indemnities by newly collecting rent deposit information as of the fixed date and expanding the scope and depth of public records to identify hidden asset of debtors. HF also manages guarantee obligation performance period on a continuous basis to reduce the interest of creditor banks, all of which led to the enhanced soundness of the fund.

Debt Settlements by Year (Unit: No.)					
Category	2017	2018	2019	2020	2021
Debt Settlement Cases (a)	5,714	5,556	4,837	3,921	3,367
Debtors under Debt Settlement Proceedings (b)	94,397	70,729	48,186	35,354	31,798
Debt Settlement Ratio (a/b)	6.1	7.9	10.0	11.1	10.6

* Debt Settlement : An agreement between a lender and a debtor to adjust(reduction) of parts of the debt and repay the debt in installments or at once.

Recovery of Indemnity Rights by Year (Unit : USD million, %)					
Category	2017	2018	2019	2020	2021
Balance of Indemnity Rights (a)	2,875	2,783	2,493	2,205	1,984
Amount Subrogated (b)	195	170	162	226	208
Indemnity Rights Recovered (c)	128	107	110	134	106
Recovery Rate {c/(a+b)}	4.2	3.6	4.1	5.5	4.9

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 90,000 as of the end of 2021, the Korean Home Pension has solidified its position as a reliable retirement financing solution for a happy retirement in the aging society.

Operating Multiplier	9.7 times
Amount of Guarantees Supplied	USD 13.6 billion
Number of New Subscriptions	10,805

Program Overview and Key Details

The Korean Home Pension is a 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 818,200 or less. The program is also open to senior households owning two homes with a combined declared value of over USD 818,200 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).

Korean Home Pension subscribers may receive monthly payments in a straight line, high-low payment, or periodic increase 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 certain period (3, 5, 7, or 10 years by subscriber's choice) before receiving approximately 70% of the initial amount afterward. When opting for periodic increase type, subscribers receive monthly payment less than the straight-line, but the payment increase by 4.5% for every three years. The straight line is available for all payment types, but the high-low payment option and period increase type are only available to those on the tenure type or the modified tenure type.

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 818,200 or less (Those with two homes of which combined declared value exceeds USD 818,200 only under the condition of the disposal of the non-residing home)
Eligible Property	+	Houses, senior welfare housing, or residential studio flats with a declared value of USD 818,200 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

+

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 market value at USD 454,500 or less; otherwise, a 75% discount on USD 2,700 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 454,500 of the home value for those with a home worth over USD 454,500)

A tax deduction for up to USD 1,800 in annual interest payments

Base Capital

The base capital of the Korean Home Pension reverse mortgage account is funded by contributions from the government and financial institutions. The aggregate amount of the base capital and retained earnings (or deficit) is used as the account’s base capital.

In 2021, its net base capital reached USD 590 million, up by 44% from the previous year, while its operating multiple stood at 9.7 times, a stable level given that the statutory operating multiple is 30 times.

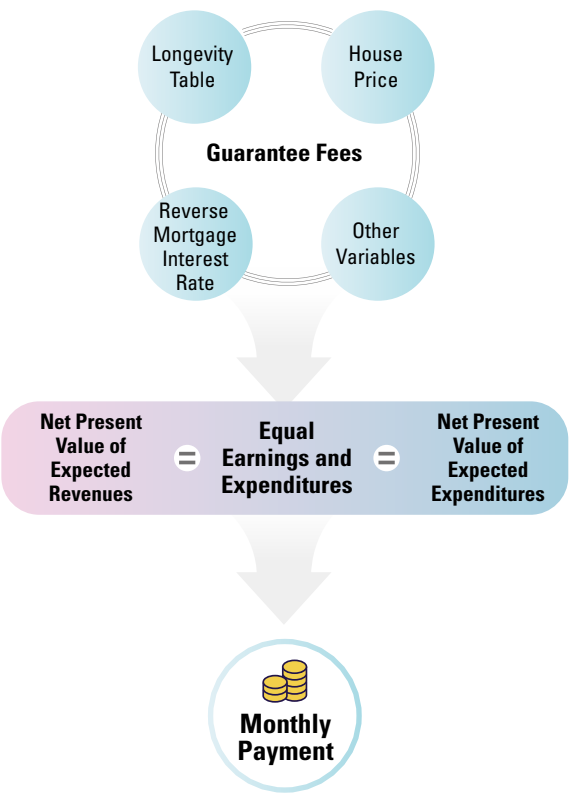
The Base Capital of the Korean Home Pension				
(Unit: USD million)				
Category	2018	2019	2020	2021
Base Capital (A)	37	58	117	182
Retained Earnings (Deficit) (B)	173	205	294	408
Net Base Capital (C=A+B)	210	263	411	590
Guarantee Balance (D)	3,117	3,946	4,771	5,711
Operating Multiplier (D/C)	14.8	15.0	11.6	9.7



Product Design

The Korean Home Pension program entails three major risk factors. The first risk factor is volatility in house prices, more specifically, a lower-than-expected increase in house prices. The second is volatility in interest rates, which can be a problem if lending rates are higher than expected. The last is a longevity risk where borrowers live longer than HF anticipates.

HF underwrites all these risks from financial institutions through public guarantees. To be more specific, it has gone beyond merely underwriting them by designing its reverse mortgage model based on reasonable assumptions. Built under the Principle of Equivalence, which ensures expected revenues to match expected expenditures, this model calculates optimal monthly payouts that can balance expected income with expected expenditures, helping HF manage these risk factors.



2021 Accomplishments

In response to rising concerns over elderly people living in poverty, HF has made continuous improvements to its system in order to meet the specific needs of elderly people.

With the amendment of enforcement decree of the KHFC Act, HF released Trust-type Korean Home Pension, which guarantees stable pension payment by automatically granting the surviving spouse the right to Home Pension payment upon the death of a subscriber. Compared with the existing Right to collateral security type, it significantly reduces costs such as registration and license tax paid to provide collateral at the time of subscription. In addition, as it is available to homeowners who rent out part of their house with a security deposit, it helps seniors to create additional income flow with monthly rent and deposit for their livelihood in advanced years.

To further protect subscribers’ right to the pension, HF introduced seizure prevention account(Home Pension Jikkimi Bank Account), in which the monthly payment of the pension less than USD 1,680, the minimal monthly living expenses by civil law, is protected from seizure.

In addition, to provide seniors with more options to choose monthly payment for home pension, depending on their economic activities or financial situation, HF released the ‘High-Low Payment’ and the ‘Periodic Increase Payment’ type. Those who have an income gap after retirement or expect high living expenses at the early stage of the retirement may opt the former, whereas the latter type would be preferred by those who want to have pension that can offset the erosion of purchasing power by inflation.

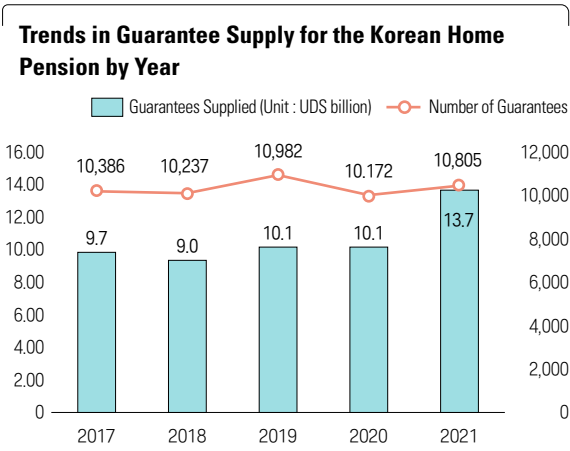
To support seniors can subscribe to home pension anytime, anywhere, HF set up bank windows dedicated to home pension BNK banks in 2020 and expanded the counters to Gwangju and Jeonbuk banks in 2021. The bank windows dedicated to Korean Home Pension are installed at the bank branches of local banks for counselling and application of home pension, which are expected to make home pension more accessible for senior

citizens in Honam region, who had been in blind spots for home pension services with difficulties in mobility or living in remote areas.

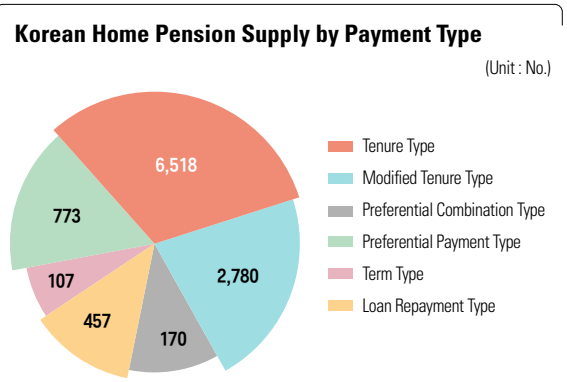
The Supply of the Korean Home Pension

In line with rapid aging of the society, HF pushed forward for improvement of the pension programs tailored to seniors and roll-out of strategic Ontact marketing plans. Thanks to these efforts, HF maintained annual supply over 10,000 reverse mortgage loans for six consecutive years. Notably, despite challenges presented by Covid-19, the number of Korean Home Pension subscribers totaled 10,805 and the amount of guarantees supplied recorded USD 13.7 billion in 2020.

An increase in the cumulative number of Korean Home Pension subscribers drove its payout amount up 20.2% year-on-year to USD 1.3 billion. Since its launch in July 2007, the Korean Home Pension program has provided a total of 92,011 senior homeowners with USD 7 billion in payouts as well as USD 95.5 billion in guarantees.



According to a breakdown of its reverse mortgage supply by payment type in 2021, the number of tenure-type Korean Home Pension reverse mortgages stood at 6,518 accounting for 60.3%, of its total reverse mortgage supply; 2,780 modified tenure-type Korean Home Pension reverse mortgages, accounting for 25.7%, ; and 107 term-type Korean Home Pension reverse mortgages, accounting for 1.0%. The loan repayment type introduced with Najibyeonguem recorded 457 cases, or 4.2% of the total, followed with 773 cases or 7.2% of preferential payment type and 170 cases of preferential combination payment type, accounting for 1.6 %.



According to the statistical data on Korean Home Pension subscribers since its launch, their average home value at the time of subscription amounts to USD 301,800. It also found that they subscribed to the reverse mortgage program at the average age of 72.3 and have received an average amount of USD 990 in monthly payments. By housing type, apartment units accounted for 83.1% of the total homes put up as collateral. By region, Korean Home Pension subscription in the Seoul metropolitan area accounted for 67.9% of the total Korean Home Pension subscriptions, with the remaining 32.1% of the total Korean Home Pension subscriptions coming from regions outside Seoul. By the house size, the national housing scale of 85m² or less accounted for 80.4%.

Characteristics of Korean Home Pension Subscribers in 2020		
User Information	Age	72.3 years old
Loan Information	Monthly Payment	USD 991
Collateral Information	House Type	Apartments, 83.1%
	House Area	85m ² or smaller 80.4%
	House Value	USD 301,800
	Region	Seoul metropolitan area,67.9%, other regions, 32.1%

Effects of the Program

The senior households who own a house but with no income is on the increase. The Korean Home Pension allows these seniors whose net worth is mostly tied up in the value of their home to borrow against their home equity and ensure them with the stability of residence and livelihood.

In addition, Korean Home Pension can ease the governmental fiscal burden to support the elderly who cannot sustain decent lives with public and private pensions or support from children by having them leverage their houses for stable livelihood. By creating a new income flow for the elderly, it can also promote the consumption by senior citizens, thereby vitalizing their lives in advance years and national economy along the way.

So far, Korean Home Pension has established its position as a feasible option to secure income in advanced years for the elderly, and as a core business for HF. Rather than complacent with these achievements, HF will do its utmost to devise ways for customers to receive pensions in a more stable manner and for better risk management and stability of the fund.

Post-subscription Management

For stable management of the Home Pension system, HF has established post subscription management process, where the mortality of the warrantee and actual residence in the mortgaged house, etc. are regularly monitored on a regular basis, and payment is suspended if found disqualified.

Other than information provided by banks and families of subscribers, HF collects various information from government agencies, such as information on subscribers suspected of mortality, real-estate registration changes, and resident registration data. If grounds for suspension are found, HF suspends the provision of the monthly payment.

Upon the suspension of the payment, HF immediately notifies the lender(bank) and subscribers thereof and when the grounds for suspension are not resolved within certain period, HF notifies the lender to make a request to HF for performing of guarantee obligation. These measures ensure prompt implementation of the process.



Sustainable Management

To make the happy future for everyone, HF will perform the roles and reasonabilities as a leading public institution for housing finance.

Sustainable Growth

Establishment of a Paradigm for Sustainable Growth
Fully recognizing the long-term value and significance of sustainable management, HF has set a new strategic goal of ‘securing an engine of sustainable growth for the future,’ embedding sustainability into its business operations. As part of its efforts to implement this goal in the context of open innovation, HF has carried out a range of sustainable activities, including improving and supporting access to the financial services (ex: New Relief Conversion). In addition, drawing on its financial know-how and expertise, it has provided financial education programs customized to the needs of different age groups: the JaeMitJiYe lecture for college students and the Retirement Financing Talk Concert for the elderly. HF plans to be committed to fostering its sustainable growth engine by continuing to strive to improve the residential welfare of the public.

UNGC Participation in Pursuit of Sustainable Growth
In October 2008, HF joined the United Nations Global Compact (UNGC), a UN pact to encourage companies worldwide to adopt the Sustainable Development Goals (SDGs) and align their corporate strategy with its ten principles for human rights, labor, environment, and anti-corruption. As a signatory to the global initiative, HF submits a Communication on Progress (COP) to the UNGC each year, reporting its progress in implementing the principles as well as its plans going forward. HF will continue to pursue sustainable growth objectives through UNGC participations and ensure human rights and anti-corruption are well integrated into its business management process.



Ethical Management

Under the belief that ethical management is instrumental to corporate sustainability, HF has made ceaseless efforts to create an ethical culture, providing ethics training for employees, integrating ethics into its private-sector partnerships, and enhancing its existing systems for the promotion of anti-corruption and integrity.

Establishment of Policies for Ethical Management
HF established the Code of Ethics, which outlines the fundamental principles and rules that its employees must adhere to in their behavior and decisions. For more practical guidance at the workplace, It has set out the Standards of Conduct, a set of detailed standards that guide employees towards ethical management.
HF has timely embraced ethical management guidelines issued by government ministries and agencies, including the Ministry of Economy and Finance (MOEF) and the Anti-Corruption and Civil Rights Commission (ACRC). In 2021, it implemented the MOEF Guideline for the Eradication of Gapjil (abuse of power) in the Public Sector after adaptation for application to its practices. It also carries out the Corruption Impact Assessment, first introduced by the ACRC, at the time of revising its bylaws, identifying potential corruption risks and recommending mitigation measures.
Moreover, it has newly realigned the Standards of Conduct and other internal regulations with the latest statutory ethical management recommendations (made on improvements to the operational systems of public organizations as the Improper Solicitation and Graft Act came into force), which demonstrates HF's efforts to enhance the ethical management monitoring after reflecting the government guidelines, and to prevent corruption risk on the working level.

HF operates various internal bodies devoted to ethical management. They range from the Ethical Management Consultative Group, which is the highest deliberative body chaired by the CEO in order to spread the management's strong message

for ethical management, to the Ethical Management Ombudsman, the HF Integrity Leader, the Integrity Advisory Committee.
With the operation of these departments, HF executives & staff have been carrying out ethical management polices through collaboration with external experts.

Ethical Management Training and Collaboration with the Private Sector
In a bid to cultivate ethical values in the workplace, HF has continued to strengthen its employee training programs, providing them with educational courses on general ethics principles and the Corruption Impact Assessment and keeping them up to date with the latest ethical issues that have arisen with respect to the recently enforced Improper Solicitation and Graft Act, other anti-corruption laws, and the recently revised Code of Conduct for Public Officials. It also offers different training courses customized to different stages in the life cycle of a public career, such as Anti-Corruption Expert Training for ethical management officers, Anti-Corruption Training for personnel working in corruption-prone areas, the HF Integrity Leader Workshop and HF Integrity Pitcher & Catcher Workshop for its departments and branches, and diverse leadership courses for new hires and different ranks.
To raise employees' awareness and generate their interest and participation in the integrity and anti-corruption initiatives, HF initiated events such as "Reverse Mentoring" and 'Integrity Golden Bell Quiz'. It also publishes "Cheongbaji", a periodic newsletter on integrity, seeking out and spreading good anti-corruption practices within its organization. In addition, HF runs the Integrity Mileage Program and uses the Common Key Performance Indicators for Ethical Management, offering greater incentives to employees with innovative ideas to fight corruption.

In the meantime, after joining in 'Busan Public-Private Network for Transparent Society' and 'Public-Private Committee for Society of Integrity' as an operation member, HF shared its knowledge and experiences in anti-corruption and integrity policies with 48 public

institutions and 87 civic groups in Busan, thereby contributing to governmental anti-corruption efforts.
HF will consistently explore ethics training programs to raise employees' awareness on ethics and expand exchanges and cooperation with other public institutions to enhance information exchange on the ethical management.

Anti-Corruption and Integrity-Building Efforts
HF strives to prevent corruption in its business operations. In particular, it has designed its hiring process so as to eliminate the risk of fraud in the first place. This starts with its recruitment notice, which makes it clear that new recruits with any fraudulent activity or representation may be subject to termination of employment. In the following document screening process, HF applicants are evaluated by multiple assessors. It also requires all interviewers to submit a covenant of integrity and gives all applicants a blind ID, ensuring a fair and unbiased interview process. For these efforts, HF was recognized as the institution with the best fair and blind hiring practices for three years in a row and awarded with the Ministry of Education.
In addition, HF is committed to advancing integrity with its external stakeholder. In order to further spread a culture of fairness outside its organization, it has established a dedicated task force team to detect and improve any unfair practices with its business partners and customers. Furthermore, it adopted anti-corruption management system and obtained ISO 37001 Anti-Bribery Management System
For greater transparency in its management, it discloses business facilitation expenses by the CEO and other senior management and its new contracts on its webpage.

Human Rights Management

Since the introduction of Human Rights Management in 2018, HF has conducted human right impact evaluations to identify and manage existing or potential human rights risk and has worked to promote a culture of respect for human rights. From 2021, HF decided to commission external agency to conduct the impact evaluation for more objective and professional assesment and improved the evaluation checklist tailored to HF, adding employees’ human rights related questions.

In addition, HF revised ‘Legal Support for Employees in case of Lawsuit’bylaws in Nov, 2021, in order to allow employees faced lawsuits by complaints or accusations of bad customers to receive support of internal lawyers from the early stage of investigation, while continuing the operation of psychological counselling programs for its employees, as parts of human rights management. Externally, by stating ‘Human Right Infringement Actions’ as a ground for reporting on the report webpage of ‘Red Whistle’, its external anonymous reporting system to lower the thresholds of reporting and enabled prompt response.

In 2022, HF plans to continue education and promotion programs for human rights respect culture as a public institution that upholds the value, spreading the value internally and to its stakeholders. To this end, HF will include interns and public service workers in its human rights employee training programs to raise awareness of entire personnel on the human rights management. Furthermore, HF will look into if there is any human rights violation in its subsidiary to protect human rights of the company’s employees. For stakeholders such as companies participating HF’s bidding, HF will request them to submit supplier’s code of conduct and recommend them to abide by their obligations on the labor and environment.

Internal Controls

Under the vision of an open audit based upon trust and communication, HF has built a systemized internal control system to disseminate social values and drive sustainable management.

Its internal audit structure consists of the standing Auditor and his/her office, the Auditing Office. Their operations, budget, and performance evaluation are separate from the executive body, thus ensuring their independence. The Auditor attends meetings of the Board of Directors and Management Council to express opinions about internal controls. The Audit Office audits and oversees the activities of the executive group, providing a system of checks and balances.

The basic principles of audits at HF include ‘correct audit’, which is to support ESG management including prevention of violation of social obligations of the company, ‘preventative audit’ to facilitate sustainable management with preemptive monitoring on its business management system and strategies, and ‘professional audit’ to improve the audit quality and enhance prior consulting functionality.

In addition, HF has adopted a public interest exemption system, motivating its employees to perform their services in the public interest and, thereby, advancing public value.

Depending on their scope and methodology, there are different types of audits, including integrated audits, specific audits, cyber audits, preemptive audits, and branch and department audits. The scope of all audits, in principle, covers the entire organizational structure and operations with a particular focus on higher-risk areas. With these audits, HF aims to encourage proactive public administration, thus preventing rigid, unresponsive public services. Given the specific nature of its business environment, HF has enhanced the diversity and expertise of its audit techniques to minimize audit blind spots.

At the same time, HF has internal controls especially designed to effectively address risks inherent in its business activities. According to these internal controls, it classifies financial and non-f inancial risk factors by their frequency and effects and develops

countermeasures appropriate to their level of severity. Such risk factors are managed at three levels: first at each department and branch, then at the Internal Control Department, and finally at the Auditing Office, as parts of efforts to prevent any no gaps in risk management.

In addition, HF has exerted its best efforts to better diagnose and improve the functions of its internal controls and strengthen the Auditor’s capacity. For instance, it has included inside and outside experts in its audit feedback system, enabling them to share their insights on audit quality, procedures, and findings. To support its internal audit personnel to maintain their professional skills and ethics, HF provides them with job-rank specified training and assesses their ethical standing and conduct on a regular basis.

Risk Management

For stability and sustainable growth in its business, HF strives to maintain an adequate level of risk management. It has an independent and specialized risk management framework in place, ensuring the preemptive and effective management of diverse risks.

Basic Principles of Risk Management

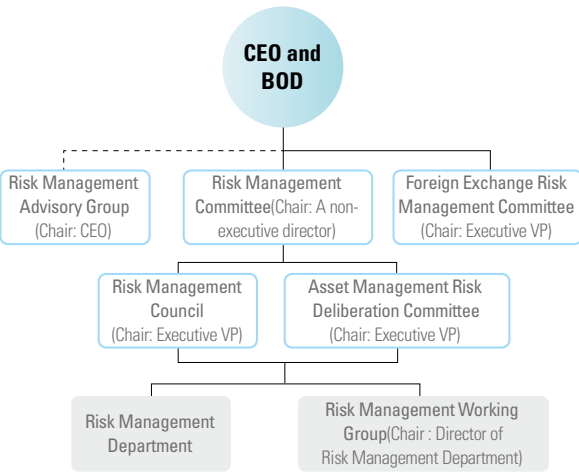
HF has organized its risk management unit separate from its business units, allowing it to act as a proper system of checks and balances. To prevent excessive risk concentration in any one business unit, it allocates risk management resources across its business units in consideration of their revenue-generating capacity and their financial and business environments. This decentralized approach helps HF maintain risks at an acceptable level throughout the entire organization. In addition, it monitors risk factors from the stage of new product planning, strengthening its preventative risk

management and developing concrete contingency plans against unexpected risks.

Risk Management Organization

As HF’s top decision-making organization for risk management, the Risk Management Committee is the subcommittee of the Board of Directors that is responsible for overseeing corporate-wide risk management affairs. Chaired by a non-executive director and composed of a majority of non-executive members to ensure its independence and transparency, the committee draws up basic risk management policies and strategies and determines the total amount of risk-adjusted capital and other exposure limits by risk type. To assist the work of the committee, HF operates the Risk Management Review Council. This council deliberates and makes decisions on individual exposure limits to each risk factor and key risks associated with its business operations, including securitization, housing finance credit guarantees, and reverse mortgage guarantees. It also has the Risk Management Working Group in place for working-level consultations on detailed and practical matters.

Risk Management Organization Structure



Risk Management by Risk Type

HF manages credit risk, market risk, liquidity risk, interest rate risk, and operational risk related to securitization, ho using finance credit guarantees, and reverse mortgage guarantees.

Credit Risk

Credit risk is the risk of loss resulting from a borrower's failure to meet a contractual debt or a deterioration in the borrower's credit rating. To address credit risk, HF has set up a credit assessment process in each business group. It also allocates its aggregate exposure limits across business groups and measures their actual level of exposure regularly to ensure their compliance with the given limits. This helps HF keep its credit risk at an appropriate level.

HF has also built a credit risk measurement system to control risks associated with its loan and credit guarantee services. In addition, HF has enhanced the soundness of its loans and guarantees by improving the validity and fairness of the credit

scoring system (CSS) and mortgage scoring system (MSS) through periodic reconstructions of their scoring models, quantifying the eligibility criteria for credit guarantees for home builders, applying more strict PF guarantee criteria, and conducting post-origination monitoring with its own behavior scoring system (BSS).

Market Risk

Market risk is the risk of loss stemming from unexpected fluctuations in the market, including changes in interest rates, stock prices, and foreign exchange rates. In order to manage these market risks in an effective and timely manner, HF allocates market risk limits across business groups and constantly monitors compliance with such exposure limits and utilization rates through its market risk management system.

Interest Rate Risk

Interest rate risk refers to the risk of a decline in net interest income and net asset value due to increased uncertainty regarding

the cash flows of assets and liabilities sensitive to interest rate movements as a result of volatility in market rates. HF manages this risk by allocating an appropriate amount of exposure limits to interest rate risk and then monitoring compliance with the limits through the asset liability management technique (ALM) and also constantly measuring duration gaps and break-even interest rates.

Liquidity Risk

Liquidity risk is the risk of loss resulting from the inability to meet payment obligations due to a mismatch of maturities in financing and fund management and unexpected cash outflows and also from raising additional funds or selling liquid assets on unfavorable terms to address liquidity shortfalls. HF monitors and reports on liquidity indicators, such as guarantee payments, liquidity ratios, and liquidity gaps, by embedding a fund management and analysis function in its structuring model (STM) and risk management system, thus managing liquidity risk preemptively.

Home Pension(Reverse Mortgage) Business Risk

Home Pension business risk refers to the risk of losses due to changes in the factors(house price increase rate, interest rate, etc.) that affect the Home Pension guarantee products. To manage the risk, economic value of the home pension business is estimated and managed based on the Home Pension Business Risk Estimation Model.

Operational Risk

Operational risk is the risk of loss arising from an improper or incorrect internal procedure, errors by personnel and systems, or external incidents. HF keeps this risk to minimal levels by setting a Key Risk Index and having each department conduct monitoring on a regular basis.

CSR Activities

Under the aim of fulfilling its corporate social responsibility (CSR) and creating sustainable value, HF has engaged in various social outreach activities led by the Bogeumjari Volunteer Corps, its employee volunteer group led by the CEO and the labor union president. In particular, in 2021, HF has developed not only volunteer programs relating to its main businesses, such as housing welfare and senior welfare promotion programs, but also new programs to address social issues, including job creation, social economy, environmental protection, and safety.

These efforts led to external recognition for HF's contribution to the society; HF won '2021 Korea Social Contribution Grand Award (Recognition from Land, Infrastructure and Transport Minister), and selected as institute of merit in'The 7th Housing Welfare Exemplary Cases Competition' (Recognition from Chief Director of The Korea Housing Welfare Forum) and in job creation for the elderly in the year of 2021 (Recognition from the Mayor of Busan Metropolitan city

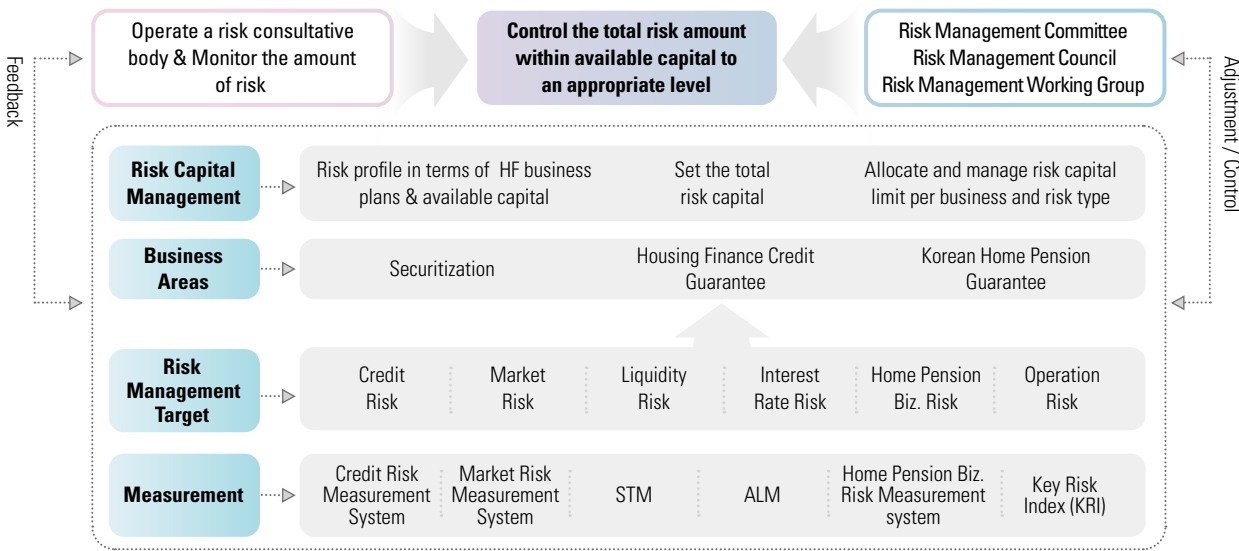
Major CSR Activities

'Housing Welfare' Projects for safe and clean houses for everyone

As a housing finance institution, HF carries out various CSR projects related to its main businesses. Of these, the most representative one is the HF Dream House Project, a home renovation and repair program for socially vulnerable groups and HF Youth House to alleviate housing cost burden for disadvantaged youth.

The HF Dream House Project, the 10-year long program since the adoption in 2012, improved housing conditions for the record highest 245 households in 2021, renovating flooring, paintings, lights and safety facilities. The project so far bettered the lives of 1,449 households in total. In particular, this year the project tapped into works of 176 craftsmen apprentices, providing them with field training opportunities.

Corporate-Wide Risk Management System



HF also rolled out ‘ HF Clean House’ projects, which provides on-visit disinfection and cleaning service, helping 244 underprivileged households to have dignified housing conditions, and creating 129 jobs for self-supporting workers in the process.

At the same time, HF has implementing ‘HF Young Adults House’ program, which support youth in Busan who have to leave child welfare institutions in their paying monthly rent and utility bills, so that youth in the communities can live without worries on the residence and grow to be adults who fulfill their responsibilities of the society.

‘Senior Welfare’ Projects for lively and healthy life in advanced years

Facing aged society, HF has been actively pushed forward CSR programs for senior welfare. Notably, by expanding economic and emotional support for the elderly living alone or in poor conditions, HF worked hard to make their livelihood safer and more satisfying.

Furthermore, HF proactivley pushed ahead with the ‘HF Happiness Care Service’program, under which healthy elderly takes care of other seniors living at the margins of the society. The program hired 136 seniors as care workers to provide emotional support and practical helps to 2,079 seniors living alone, thereby contributing to building safer and more robust social safety net.

In collaboration with the Senior Clubs in districts and counties of Busan, HF operated ‘Happy Community for Seniors’program, which hired local seniors aged 60 and older and had them perform repair and maintenance work of senior welfare centers and check and install fire fighting devices of the disadvantaged households. In the process, the program offered quality jobs to 256 seniors and performed repair&maintenance works of 569 senior welfare centers as well as check & installation of fire fighting devices of 16,552 disadvantaged households, thereby contributing to making safer and better communities for seniors.

Other HF senior support programs to support the elderly for stable livelihood in advance years include ‘HF Cool Wind Sharing,’ which handed out 568 fans and coolers to the elderly who have to wether

hot summer alone, and‘HF Sharing Flower of Love’, which helped both struggling flower farms and the elderly living alone.

‘Community Welfare’ Program for local communities

Since relocating its headquarters to Busan in 2014, HF has proactively provided various community development programs tailored to the region in order to contribute to the region's economic development as a socially responsible community member.

One example is ‘Happy Feet with HF’, an ecofriendly, non-contact CSR activity, under which contribution is collected as per the number of steps HF employees take and donated to the local children welfare centers. The program is highly regarded to achieve three goals at once, support for the vulnerable children, carbon reduction, and promotion of employees’ health.

In addition, HF introduced “HF Scholarship for Disadvantaged Students,” offering scholarships and school supplies to local talents from low-income households. HF also contributes to promoting sharing culture in the local society by running ‘Angel of Hope Project’and ‘HF College Students Volunteer Group’, which encourage HF employees to donate their skills and talents and take part in various volunteer activities

In collaboration with Busan Metropolitan Corporation, HF built ‘HF Bogeumjari Flower Garden’ on the idle field behind the BIFC building. Many Busan citizens, worn by Covid-19, can walk in the garden, enjoying canola flowers in the spring and cosmos in the autumn. The garden was also broadcasted by a number of local media, as an exemplary case of public institutions working for mutual prosperity with the local communities.

Moreover, HF employees made efforts for co-existence with the local communities, voluntarily initiating a fund raising event to help the communities overcome challenges presented by Covid-19. The raised money was donated the money to aid 2,466 local low-income households during year-end holiday season. In addition, HF has operated locally-tailored CSR activities, utilizing its network through 28 nationwide branches and centers.

IT Systems

HF has endeavored to devise data management system and provide innovative and safe housing finance services to its customers.

Secure Data Management Base for vibrant Data-based Administrative System

To reduce documentation burden on the customers and provide them with timely housing finance service based on precise data, HF has worked to revise KHFC Act since 2019 for public data alignment.

With the enactment of the revised KHFC Act on December 7, 2021, HF laid a groundwork for enhancing public-data-linked public services.

Furthermore, in line with the nationwide mydata market facilitation policies, HF rolled out the pilot housing finance mydata service on December 1, 2021, before initiating a full-scale service from January 1, 2022, making data innovation effective and accessible for the public.

Next Generation IT System

Since 2018, HF has embarked on the 4-year overhaul of the corporate information system and programs set at the time of the corporate establishment. The adoption of the Next Generation IT system is expected to enhance work efficiency, customer convenience and customer satisfaction.

Innovative Housing Finance IT Project

In 2021, HF launched about 100 innovative IT projects, including AI-based IT security system establishment, development of comprehensive housing finance portal application and non-contact Korean Home Pension Application platform. With the new ICT services, HF enhanced satisfaction of external users, while improving work methods of internal employees.

Certified for Information Protection of Housing Finance Service

HF has concluded MOUs with seven local major institutions,

including Busan Metropolitan Government and Korea Institute of Information Security & Cryptology, to enhance IT capacity of the city. In particular, HF hosted the ‘Cyber Security Conference’, the biggest IT security forum for public institutions, thereby playing a leading role for the innovation of IT security technology among local academia and industry communities.

The excellence of HF information protection was also externally recognized, notably by the Ministry of Science & ICT and the Busan Metropolitan Government, which awarded HF as the institute of merit for ICT device industry and local IT advancement.

Adoption of individual credit information management system & Capacity Enhancement

HF earned the excellence grade(90 scores or higher) for three years in a row at the ‘Personal Information Management Evaluation’ by the Ministry of the Interior and Safety. With 98, 98.9 and 97.9 marks in 2019, 2020 and 2021 respectively, HF has scored almost perfect on the evaluation, proving it has established a personal and credit information protection system for its customers to the perfection.

Housing Finance Research

For housing policy support, HF has established Korea Housing Finance Research Institute to conduct various studies and researches on the housing market & housing finance market.

Housing Finance Research

In 2021, Korea Housing Finance Research Institute carried out 15 research projects and published 20 issue reports on the housing and housing finance markets, contributing to the stable and sound development of related fields.

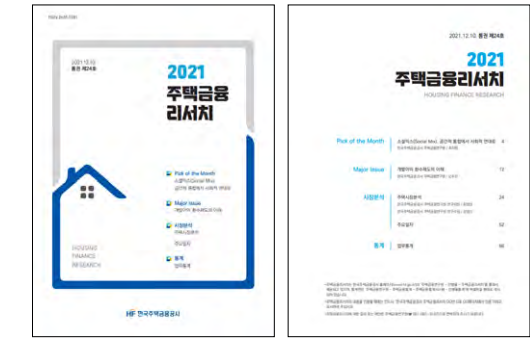
Research Projects in 2021

Housing Finance Market and Policies
<div><div><div><div><div><div></div></div></div><div><div>Default Risk & Subrogation Payment Prediction Model Development on the Individual Housing Credit Guarantee</div></div></div></div><div><div><div></div></div><div>Housing Price Volatility Analysis by Region and Price through Transaction Price Distribution</div></div></div>

Housing Market and Policies
<div><div><div><div><div><div></div></div></div><div><div>Characteristics Analysis of the Vulnerable group with Residential Instability - On the Cases of Residents of ‘Coffin Homes’</div></div></div></div></div>

2021 Issue Reports

Report Title	Researcher
Features of Britain and Korean Greenbelt Policy	Choi Yeong Sang
Causes of the Covid-19 Economy Downturn & Implications	Baek In Geul
Case Analysis of Global Public & Social REITs	Lee Seong Won
Residential Stability & Childbirth	Min Byeong Cheol
Analysis into Energy Consumption Rate Changes in the Domestic Housing Sector	Kim Gwang Uk
Early Withdrawal of the Retirement Pension & Implications	Choi Gyeong Jin
The British Housing Purchase Support Policy Implications on the Public Self-Occupied Housings	Go Je Heon
Analysis on the Loans for an Individual Borrower & Prepayment Characteristics - Based on the cases of young adult borrowers -	Song Wan Yeong Cha Dong Soo
Modern Monetary Theory & Related Policies Introduction	Yoon Seong Hoon
Domestic and Overseas Smart City Businesses & Implications	Joo Ho Young Park Eui Jeong
Analysis into Newlywed Couples’ Intent on House Purchase	Min Byeong Cheol
Rent Housing REITs Market Growth & Roles of Guarantee Institutions	Lee Gab Seob (External)
S. Korea, the Need for the Appropriateness Evaluation on the House Prices	Bang Song Hee
Balance and Link Between House Purchase and Senior Income, Based on Cases in Australia	Choi Gyeong Jin
Tighter Policy Regulations on the Rent in Gernmany & Implications	Go Je Heon
Autonomous Car Market Prospect & Changes of Urban Spaces	Kim Jin Seok
ESG, Emerged as a Funding Vehicle & Investment Standard - Based on MBS & MBB and Socially Responsible Investment -	Hwang Jeong Hwan(External)
Real Estate Securitization through Blockchain & Implications	Song Wan Yeong
Use of AI in the Corporate Value Chain	Yang Hyeon Seok (External)
Understanding on the Betterment Recapture System	Oh Joo Han



Housing Finance Statistics

Under the approval of Statistics Korea, Korea Housing Finance Research Institute prepares and publishes “Housing Finance and MBS/MBB Securitization Statistics” and “Survey on Housing Finance and Bogeumjari Loans,” providing statistical services for users. It also releases its periodical publication entitled “Housing Finance Research.” Featuring columns contributed by domestic and foreign housing finance specialists and articles on housing market issues and prospects, the periodical keeps market participants abreast of the latest trends in the housing finance market and assists policymakers in determining housing finance policies.

“Housing Finance and MBS/MBB Securitization Statistics”(National Approval Statistics No.321001) was first approved in 2005. As of 2021, it discloses statistical reports on 37 indicators, including the Korea-Housing Affordability Index (K-HAI), Korea Housing Opportunity Index (K-HOI), Bogeumjari Loans, mortgage-backed securities, Housing Finance Credit Guarantees, and the Korean Home Pension, through Housing Finance Statistics (HOUSTAT), which is HF’s housing finance statistics portal, and Housing Finance Research. As a result of its tireless efforts to offer user-friendly services, its housing finance statistics system obtained a web accessibility certification from Korea Federation of Organizations of the Disabled and Korea Institute of Web Accessibility Certification

Indices from Housing Finance and MBS/MBB Statistics

Category	K-HAI	K-HOI
	Housing Affordability Index	Housing Opportunity Index
Index Definition	It measures median household income relative to the income needed to purchase a median-priced house using a standard loan.	It measures the share of homes sold in an area that would have been affordable to a family earning the local median income.
Calculation Method	$K - HAI = \frac{\text{Income available for mortgage repayments}}{\text{Median household income}} \times 100$	$K - HAI = \frac{\text{Number of homes available for purchase}}{\text{Number of all homes}} \times 100$
Key Variables	Mortgage rates, household incomes, and home prices	Mortgage rates, household incomes, home prices, and housing stock
Disclosure Cycle	Quarterly	Annually

HOUSTAT Screenshots

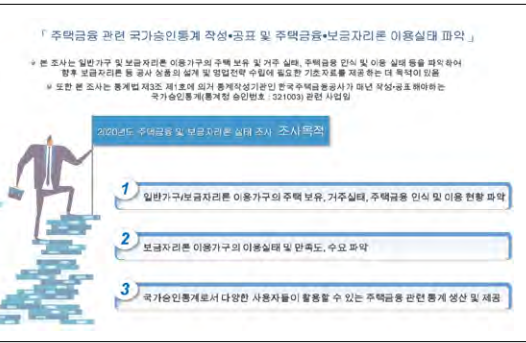


and Value. As a result of its continuous efforts for accurate and reliable statistics, HF has maintained Statistics Korea’s highest quality test rating of Excellent since 2013.

In addition, for the timely statistics provision, HF made dedicated efforts for changing disclosure cycles and received excellence grade in 2021 internal quality assessment, elevating the rank of its housing finance and MBS& MBB statistics.

At the same time, to fully grasp the current trends in the use of housing finance and Bogeumjari Loans, Korea Housing Finance Research Institute has conducted and published “Survey on Housing Finance and Bogeumjari Loans”(National Approval Statistics No.321003) since 2005, which earned national statistics designation in 2006.

Statistics Korea Quality Assessment Grade of Housing Finance & Bogeumjari Loan Status Statistics



The survey was initiated to look into the public recognition of housing finances and use of HF products and use the results as base data for long-term and stable supply of housing finances. In 2021, HF conducted surveys by visits and via phone calls on 5,000 households in general and 2,000 households under Bogeumjari and Didimdol loans. As a results of constance efforts to improve the survey, HF has maintained Excellent Grade since 2017 in the Quality Assessment by Statistics Korea. With these efforts, HF was selected as an institute of excellence in the national statistics quality control in 2021.

International Exchange and Cooperation

HF has worked to strengthen the cooperation network among housing finance institutions abroad and advance the global housing finance market through cooperation and exchanges with global housing finance consultative bodies and housing finance institutions of other nations.

In a response to changes in global cooperation environment due to the pandemic, HF expanded non-contact, online-based international cooperation and exchanges in 2021, while pushing ahead with knowledge-exchange programs to promote the effectiveness of the business.

After the first round of non-contact consulting for Cagamas Berhad* in June 2020 to support the introduction of reverse mortgage in Malaysia, HF provided additional consulting to Cagamas Berhad via video conference in December, 2021, just before the launch of the program in the county.

* Housing finance institution in Malaysia, established in 1986 under the Central Bank of Malaysia, to purchase bonds and issue securities.

In addition, with two conference calls, HF has continued exchanges and cooperation with Cagamas and two institutions agreed to initiate HF-Cagamas Mutual HR Exchange Program in 2022 to better the global competency of the institutions.

In the meantime, in the midst of Covid-19 pandemic crisis, HF endeavored to strengthen its role in domestic and overseas housing finance consultation and cooperation among related institutions;

HF attended three rounds of ISMMA* video conferences, and shared housing finance development of member countries and policy implications with other housing finance institutions and the World Bank.

In addition, by extending the MOU with the Indonesia housing finance institution, SMF* in a non-contact form, HF sought to solidify the existing cooperation network, while sending a congratulatory video clip to Mongolia Housing Finance MIK* on its 15th anniversary of the corporate establishment(Nov, 2021), cementing the bonds between housing finance institutions in the region and elevated the corporate status.

Furthermore, despite challenges caused by Covid-19 in 2021, HF attended monthly regular meetings of Council on International Financial Cooperation as a member, building network with major public and private financial institutions in Korea and implemented global finance cooperation business.

Moreover, to lay a platform for international cooperation, HF authored and published English work manual of its main business along with HF housing finance English glossary workbook. At

* ISMMA : International Secondary Mortgage Market Association(Consultation body of global housing finance institutions)
* SMF : PT Sarana Multiqriya Finansial (Persero)(Housing finance institution of Indonesia)
* MIK : Mongolian Mortgage Corporation HFC LLC

<The 2nd Round of Video Conference Consultations for Reverse Mortgage Introduction in Malaysia>



the same time, HF worked on the overhaul of its website English contents, cementing the base for knowledge-sharing business and contributed to fostering global talents.

HF issues MBS and CB in domestic and overseas markets to finance provision of public mortgages. With the growing policy roles of HF to enhance support for low-to-moderate income households and end users, as well as to improve qualitative structure of mortgage loans, there emerged strong needs to strengthen HF's public mortgage funding capacity. To this end, HF began to push ahead to open its first overseas branch in Singapore, the financial hub in Asia Pacific region.

Despite many difficulties presented by Covid-19 pandemic, HF founded a task force group to open a Singapore Branch, and after systematic preparation and close coordination with related institutions, KHFC Singapore Branch opened in December, 2021.

Going forward, HF will further reinforcing stability and efficiency of public mortgage funding by expanding foreign investor base for its MBS and CB, with KHFC Singapore Branch as a key base, thereby delivering social value creation to reduce residential costs burden on the low-to-moderate income households and end users.

Singapore Branch opening ceremony



Social Financing

Social Bonds Overview

The concept of ESG, which first caught the attention of the world at the New York Stock Exchange Market, in April, 2006, stresses that in accordance with Principles for Responsible Investment, investment decision should be based on not just financial factors, but also non-financial factors of companies such as environmental, social and governance aspects.

Since then, the importance of the sustainable corporate management has gained more traction in Europe and the U.S in the aftermath of the 2008 financial crisis. In particular, in the wake of Covid-19 in 2020, burgeoning debts of companies led to the emergence of sustainable funding on the global agenda, setting the ESG investment as a global trend. In Korea, with the launch of government's Green New Deal initiative and release of ESG funds, ESG has began to be embraced as a main investment trend, as shown from serial launch of ESG funds by many asset management companies.

Concept

ESG is acronym of environmental, social and governance, which refers to non-financial factors that are considered in the company evaluation and investment decision making. Bonds that are issued with those activities are called ESG bonds.

Depending on the purpose of issuance, ESG bonds can be categorized into; ① Green Bonds, of which proceeds go into funding for green projects, such as renewable energy or green infrastructure, ② Social bonds, which is to fund initiatives to address social problems by supporting disadvantaged groups, small and medium sized companies or creating jobs, and ③ Sustainability Bonds, which are the combination of green and social bonds. The MBS and Covered bonds of HF are issued with an aim to improve housing welfare for low-to-moderate income households, thus are classified as social bonds.

Social bonds are subject to strick oversight in terms of issuance process and post-issuance management.

Social Covered Bond Framework



Second Party Opinion



Two prerequisites for issuance of social covered bonds include preparation of Social Bond Framework, which states use of proceeds, management methods, and reporting plan, and obtaining of Second Party Opinion, an independent external certification on the framework.

Issuance Overview

MBB

In July 2018, HF embarked on the issuance of global covered bonds in the form of social covered bonds. HF established the social covered bonds framework in September 2018 and obtained the social covered bond certification from Sustainalytics, a Second-party opinion provider, thereby completing all preparation works for issuance of social covered bonds.

Accordingly, HF issued the inaugural EUR 500 million social covered bond, the first social covered bond out of Asia. The feat was broadcasted by foreign media, which reported how HF has contributed to the realization of social values with its securitization business.

With EUR 500 million social covered bond issuance in 2018 as a start, HF continued to issue social covered bonds in the following years, in 2019 and EUR 1.5 billion of bonds in 2020. In 2021, HF issued the record amount of EUR 1.55 billion of covered bonds. Accordingly, the accumulated issuance amount of HF stands at EUR

4 billion or USD 4.9 billion, the largest amount of issuance in Asia in the same period.

Furthermore, along with the issuance at the lowest yield of -0.075% in 2021, HF successfully issued covered bonds with 7-year maturity for the first time.

These achievements of HF serve as a benchmark of Euro-denominated bonds, contributing to fostering a conducive environment for private financial institutions to issue covered bonds.

MBS

Successful issuance of Euro denominated-social covered bonds in 2018 heralded the launch of social covered bonds of HF, and in 2019, HF pushed ahead with social covered bonds issuance of MBS, another pillar of its securitization business.

HF has been issuing all of its MBS as social covered bonds from 2019-6 MBS, which was issued in March 2019, and has disclosed the report of every issuance under social covered bond segment.

As of the end of 2021, HF issued total 88 times of social covered bonds of MBS, of worth about USD 95.5 billion, contributing to building a platform for ESG investment in Korea as well as promoting residential stability of non-homeowners.

Effects of Issuance

The Covid-19 pandemic has prompted explosive interest in ESG investment around the world, and is expected to drive more demand for HF MBS and MBB, all of which are issued as social covered bonds.

Already many domestic pension funds seek ESG investments in earnest, and many corporate bond managers and individual investors are proactively moving toward ESG investment.

In response to these social expectations, HF, as a leading ESG bond issuer, has defined the concept of ESG in collaboration with Korea Exchange(KRX), and made various efforts including establishment of the 'ESG Segment Operation Guideline.'

These efforts have delivered visible results; 'ESG Exclusive Segment' was created on the KRX on its website(<http://sribond.krx.co.kr>), and policy improvement was made, such as exemption on listing fees and annual fees of all newly listed ESG bonds.

In addition, to induce ESG investment expansion from pension funds, through continuous requests to the government, separate evaluation category to assess the ESG bond investment performance was devised under pension management performance evaluation. As such, HF has been contributing to consistent broadening of the ESG investment base.

Reporting

ESG bonds issuers are obligated to disclose the post management of ESG investing every year in the form of Allocation Reporting(mandatory) and Impact Reporting(optional).

Main contents of Allocation Reporting is as follows. HF discloses the reports on the K-MBS website every year.

- 1) Entire Projects List used the proceeds and description on each project
- 2) The amount of fund used in each project and management details
- 3) Ratio of funds used for previous and new projects
- 4) The projects' contribution to Social Values



2021 Social MBS-CB Post Effects 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 and end-users for their residential stability.

2021 Use of Proceeds from Social MBS & Covered Bonds


(Unit : No., USD million)

Bogeumjari Loans	203,025	22,700
Didimdol Loans	28,056	3,500
Conforming Loans	72,356	9,200
Total	252,437	35,400

Reference : K-MBS(www.kmbs.hf.go.kr)>Disclose Information>
Social Financing>Delivery of Social Values

2021 Korea Housing Finance Corporation
Annual Report

FY 2021 Financial Results

The logo consists of the letters 'H' and 'F' in a bold, white, sans-serif font. The 'H' is formed by two vertical bars connected by a horizontal bar. The 'F' is formed by a vertical bar and a horizontal bar. The logo is centered horizontally and vertically. The background features a series of concentric, curved lines that create a sense of depth and movement, transitioning from a light blue on the left to a darker blue on the right. The lines are more densely packed on the left side and become more sparse towards the right.

Financial Summary

To ensure the transparency and reliability of our management, HF receives a yearly external audit from an accounting firm on the settlement of HF accounts, Trust accounts, and the Housing Finance Credit Guarantee Fund accounts (including Korean Home Pension Guarantee accounts). HF is required to submit the financial reports of HF and the Fund to the chairperson of the Financial Services Commission after the resolution of the Board of Directors and the Housing Finance Steering Committee pursuant to the Act on the Management of Public Institutions and the National Finance Act, respectively.

Since its adoption of K-IFRS for fiscal year 2013, HF has prepared consolidated financial statements, which collectively aggregate HF accounts, Trust accounts, and its subsidiary's accounts, as well as separate financial statements, which include HF accounts and Trust accounts created after January 1, 2012. In addition, HF settles the Housing Finance Credit Guarantee Fund accounts and Korean Home Pension Guarantee accounts as a single reporting unit in accordance with the National Accounting Standards.

The financial statements of HF and the Fund for FY 2021 were audited by Ernst & Young HanYoung, which expressed an unqualified opinion thereon.

For FY 2021, HF posted a consolidated net profit of USD 121.1 million, a decline of USD 68 million from the previous year. As a result, HF recorded a year-on-year increase of USD 150 million to USD 3,600 million in total capital. During the same period, the Housing Finance Credit Guarantee Fund recorded a net profit of USD 1,050 million, marking a year-on-year profit gain of USD 1,340 million. This increased the Fund's total net asset value to USD 8.5 billion, an increase of USD 860 million from the previous year.

Korea Housing Finance Corporation (Consolidated)

In accordance with K-IFRS, HF prepares consolidated financial statements, which include HF accounts, Trust accounts, and its subsidiary's accounts, for statutory purposes.

As of the end of FY 2021, HF's total assets stood at USD 146.9 billion, a year-on-year increase of USD 760 million. This is attributable to an increase in loans of USD 10 billion due to the expanded supply of the Bogeumjari Loans and other public mortgages as well as a decrease in deposits and securities of USD 350 million.

Consolidated Statement of Financial Position

(Unit : USD million)

Description	FY2021	FY2020
Cash & Deposits	5,335	8,809
Securities	2,707	2,041
Loans	138,212	128,228
Other Assets	687	554
Total Assets	146,941	139,634
Borrowings	3,336	2,454
Securitized Debts	139,140	132,890
Other Liabilities	867	842
Total Liabilities	143,344	136,187
Paid-In Capital	1,870	1,825
Retained Earnings (Deficits)	1,687	1,618
Capital Adjustments, Etc.	40	4
Total Capital	3,597	3,447
Total Liabilities and Capital	146,941	139,634

HF's total liabilities rose to USD 143.3 billion, up by USD 7.2 billion from the end of the previous year. This is mainly the result of the following two causes: an increase of USD 6.3 billion in securitized debts due to a growth in the issuance of mortgage-backed securities (MBS) and mortgage-backed bonds (MBB) and an increase of USD 880 million in borrowings.

HF's operating income for 2021 reached USD 400 million, an increase of USD 22 million year-on-year. Interest income, fees, and commissions stood at USD 3.4 billion, up by USD 133 million from the previous year due to an increase in the volume of loans. Other operating revenue stood at USD 280 million. This can be broken down into USD 197 million in gains on derivatives valuation and transactions; USD 25 million in gains on foreign currency translation; and USD 59 million in other operating income.

During the same period, operating expenses rose by USD 89 million to USD 3.5 billion. Among the expenses, interest, fee, and commission expenses amounted to USD 2.9 billion, up by USD 69 million from the previous year due to an increase in securitized liabilities. Other operating expenses totaled USD 590 million, the aggregate of USD 350 million in losses on derivatives valuation and transactions, USD 61 million on foreign currency translation, USD 12 million on miscellaneous other operating expenses, and USD 172 million in Sales and Administrative Expenses.

Income tax expenses increased by USD 2.5 million from the previous year to USD 44 million due to the expiration of corporate tax reduction for headquarters movement to Busan. This resulted in USD 121 million in net profit, down slightly by USD 68 million from a year earlier.

Consolidated Statement of Comprehensive Income

(Unit : USD million)

Description	FY2021		FY2020	
Operating Income	3,675		3,654	
Interest Income	3,361		3,237	
Fees and Commissions	34		45	
Gains on Derivatives Valuation and Transactions	196		244	
Gains on Foreign Currency Translation	25		72	
Other Operating Income	59		56	
Operating Expenses	3,509		3,420	
Interest Expenses	2,792		2,706	
Fee and Commission Expenses	122		138	
Bad Debt Expenses	7		4	
Losses on Derivatives Valuation and Transactions	349		341	
Losses on Foreign Currency Translation	61		74	
Other Operating Expenses	5		3	
Sales and Administrative Expenses	171		150	
Operating Profits	166		234	
Other Profits	2		3	
Profits Before Income Taxes	164		231	
Income Taxes	44		42	
Net Profit	120		189	
Other Comprehensive Income or Losses	40		11	
Total Comprehensive Income or Losses	160		200	

Housing Finance Credit Guarantee Fund

With the National Accounting Standards adopted in 2009, HF settles the accounts of the Korea Housing Finance Credit Guarantee Fund by aggregating them with the Korean Home Pension Guarantee accounts.

As of the end of FY 2021, the Fund's total assets reached USD 8.9 billion, a year-on-year increase of USD 830 million. This increase represents increase of operation fund by contributions from financial institutions. Current assets stood at USD 6.5 billion, up by USD 1.2 billion from the same period a year earlier. Investment assets reached USD 2.2 billion, a decrease of USD 390 million from the previous year. Other non-current assets recorded USD 257 million, up by USD 1.7 million compared to the end of FY 2020.

Total liabilities reached USD 434 million, down by USD 29 million year-on-year, as credit guarantee provision liabilities went down due to the reduction of the expected loss rate. More specifically, current liabilities reached USD 92 million, down by USD 0.18 million from the same period a year earlier, while long-term provisions decreased by USD 26 million to USD 304 million during the same period. Other non-current liabilities declined to USD 39 million, down by USD 3 million from the previous year.

The total cost of the Program totaled USD 160 million for the year, down by USD 455 million year-on-year, as bad debt expenses decreased, etc. The Program's income stood at USD 244 million, up by USD 48 million from a year earlier, due to an increase of guarantee fees revenue as the amount of guarantee provision went up. The Management and Operation Costs, which supports guarantee operation, recorded USD 17 million, up by USD 1.5 million year-on-year.

Non-Distributable income recorded a year-on-year increase of USD 206 million to USD 330 million. This is mainly due to an year-on-year increase of USD 234 million in asset disposal gains. The contribution income rose by USD 106 million year-on-year, but the non-exchange income without direct effects in return reached USD 685 million, up by USD 652 million year-on-year due to decrease of transfer of the general account(costs) by USD 545 million.

In conclusion, the financial results for 2021 totaled USD 1.1 billion, a decrease of USD 1.3 billion from the previous year.

Statement of Financial Position

(Unit : USD million)

Description	FY2021	FY2020
Current Assets	6,456	5,241
Investment Assets	2,184	2,576
Tangible & Intangible Assets	6	0
Other Non-Current Assets	256	255
Total Assets	8,902	8,072
Current Liabilities	91	91
Long-Term Provisions	304	330
Other Non-Current Liabilities	39	42
Total Liabilities	434	463
Net Base Assets	2,934	2,934
Reserves and Surpluses	5,497	4,440
Net Asset Adjustments	37	235
Total Net Assets	8,468	7,609
Total Liabilities and Net Assets	8,902	8,072

Statement of Financial Operations

(Unit : USD million)

Description	FY2021		FY2020	
I . Total Program Costs	160		615	
Korea Housing Finance Credit Guarantee Fund Accounts	147		602	
Reverse Mortgage Guarantee Accounts	12		13	
II . Program Income	243		195	
Korea Housing Finance Credit Guarantee Fund Accounts	122		109	
Reverse Mortgage Guarantee Accounts	121		86	
III. Management and Operation Costs	17		15	
IV . Non-Distributable Costs	25		8	
V . Non-Distributable Income	330		123	
VI. Net Financial Operation Costs (I - II +III+IV - V)	△371		320	
VII. Non-Exchange Income	684		32	
VIII. Financial Results (VI-VII)	△1,055		288	

1) On the Statement of Financial Operations, "△" in financial net costs and financial results means that profits have been realized.

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