





**Global Leader in
Housing Finance,
Growing Together
with People**



Global Leader in Housing Finance, Growing Together with People




Korea Housing Finance Corporation, since its establishment in 2004 to contribute to enhancing welfare of the people and develop national economy by promoting long term and stable supply of housing finance, has grown with people by contributing to residential stability of people in the midst of change in housing finance market.

Korea Housing Finance Corporation will provide the best housing finance service by utilizing its knowhow and professional knowledge in housing finance sector to meet people's expectations and fulfill the social responsibility as a public institution.

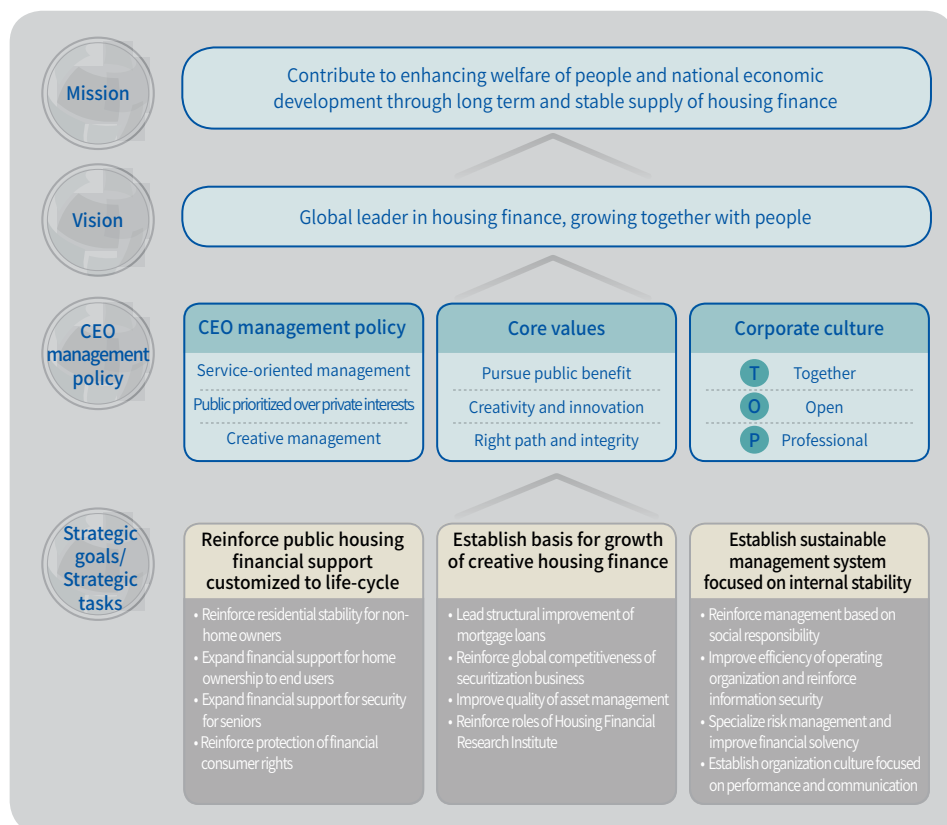
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Vision and Core Values

The value and strategy system of HF embodies the commitment to serve the nation as the basis for existence and share the fruit of growth and development of the company and the will to open up a new future of housing finance by becoming the benchmark of housing and finance institution in Asia and settling as a global role model.



Mid- to Long-term Business Strategy: 'HF Creative Strategy 2020'

The mid- to long-term business strategy focused on embracing constant change and innovation was established to preemptively cope with changes in management environment including the increasing volatility in global financial markets and government policy to restore middle-standing classes.

Goals of HF Creative Strategy 2020

Division	Goals	Description
Quantitative Goals	<ul style="list-style-type: none"> Provide over KRW 130 trillion of annual housing finance 	<ul style="list-style-type: none"> Supply KRW 37 trillion of fixed-income loans for structural improvement of household debts Issue KRW 37 trillion of MBS to support procurement of long term housing funds for financial institutions Supply KRW 38 trillion in housing guarantees to support the residential stability of low income families Supply KRW 19 trillion in Housing Reverse Mortgage for expanding financial support to secure retirement of elderly
Qualitative Goals	<ul style="list-style-type: none"> 1st place among public institutions in productivity per capita Maintain the highest level of financial solvency in Korea 	<ul style="list-style-type: none"> From the current 1st place in industry in productivity per capita, accomplish 1st place among public institutions by 2020 Leap up as the best institution in business implementation and housing finance efficiency Maintain the highest level of financial solvency in Korea Securitization business: Maintain over 7.5% of core capital adequacy ratio Housing Credit Guarantee business: Maintain under 12 times operation multiple Reverse mortgage business: Maintain under 14.7 times operation multiple

Global Housing Finance Network

EBRD
European Bank for
Reconstruction and
Development



01 Finland

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

02 Sweden

Boverket

03 Estonia

KredEx

04 Denmark

1. BRFKredit a/s
2. Realkreditrådet - Association of Danish Mortgage Banks

05 Lithuania

Mortgage Insurance Company of Lithuania

06 United Kingdom

1. Building Societies Association
2. Devonshire Solicitors
3. Financial Times

07 Germany

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

08 Belgium

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

09 Czech Republic

1. Association of Czech Building Savings Banks
2. Stavební spořitelna Ceske spořitelny, a.s. [Bausparkasse of the Czech savings banks]

10 Slovakia

1. Prva Stavebna Sporitel'na a.s.
2. Wustenrot stavebna sporitelna a.s.

11 Hungary

Fundamenta Lakaskassza Zrt.

12 France

French Savings Banks National Association [Federation Nationale des Caisses d'Epargne]

13 Austria

1. Raiffeisen Bausparkasse Gesellschaft mbH
2. S-Bausparkasse der osterreichischen Sparkassen

14 Romania

BCR Banca / pentru / Locuinte S.A.

15 Croatia

1. Prva stambena stedionica d.d.
2. Raiffeisen stambena stedionica d.d.
3. Wustenrot stambena stedionica d.d.

16 Malta

Folkes

17 Cyprus

Housing Finance Corporation

18 Russia

1. Institute for Urban Economics
2. The Guild of National Cooperative Societies of Russia

19 Algeria

Societe de Refinancement Hypotheaire

20 Nigeria

Dunn Loren Merrifield Advisors Ltd.

21 Uganda

Ecobank Uganda Ltd

22 Kenya

Housing Finance Company of Kenya Ltd.

23 Tanzania

Bank of Tanzania

24 Zimbabwe

Central Africa Building Society

25 Botswana

Botswana Building Society

26 South Africa

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

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+82-2-3290-6600



42 New Zealand

- 27 Palestine
1. Palestine Capital Market Authority(PCMA)
 2. Palestine Mortgage and Housing Corporation (PMHC)

- 28 Azerbaijan
1. Azerbaijan Mortgage Fund

- 29 Kazakhstan
1. House Construction Savings Bank of Kazakhstan JSC

- 30 India
1. Dewan Housing Finance Corporation Ltd.
 2. Housing Development Finance Corporation Ltd.
 3. National Housing Bank

- 31 Sri Lanka
1. National Savings Bank

- 32 Mongolia
1. Mongolian Mortgage Corporation / MIK Co. Ltd.

- 33 China
1. Beijing Housing Fund Management Center

- 34 Thailand
1. Government Housing Bank
 2. Secondary Mortgage Corporation

- 35 Singapore
1. Housing and Development Board

- 36 Hong Kong
1. Hong Kong Housing Authority

- 37 Philippines
1. National Home Mortgage Corporation (NHMFC)
 2. Home Development Mutual Fund, Pag-IBIG Fund

- 38 Malaysia
1. Cagamas Berhad

- 39 Indonesia
1. PT Sarana Multigriya Finansial (Persero)

- 40 Japan
1. Japan Housing Finance Agency
 2. Ministry of Land, Infrastructure, Transport and Tourism

- 41 Australia
1. Mortgage & Finance Association of Australia

- 42 New Zealand
1. ANZ

- 43 Canada
1. Canada Mortgage & Housing Corporation
 2. Terra Housing Consultants International Ltd.

- 44 United States of America
1. Government National Mortgage Association (GNMA)
 2. Federal Home Loan Mortgage Corporation (FHLMC, Freddie Mac)
 3. Federal National Mortgage Association (FNMA, Fannie Mae)
 4. U.S. Department of Housing and Urban Development (HUD)
 5. Federal Housing Finance Agency (FHFA)
 6. Housing Finance Information Network (HOFINET)
 7. Mortgage Bankers Association of America (MBA)

- 45 Jamaica
1. Caribbean Association of Housing Finance Institutions (CASHFI)
 2. Jamaica Mortgage Bank
 3. National Housing Trust

- 46 Dominican Republic
1. Asociacion Popular de Ahorros Prestamos

- 47 Saint Lucia
1. St. Lucia Mortgage Finance Co. Ltd.

- 48 Brazil
1. Veplan

- 49 Peru
1. Inter-American Housing Union (UNIAPRAVI)

- 50 Chile
1. Conavicoop

Korea Housing Finance Corporation stood by you for reliable **housing essential in your life**

We contributed to the nation's housing security and the stability of the economy in the last 12 years. In the future, we would not settle for our short-term achievement. As the nation's leading public corporation dedicated to housing finance, we will work harder to faithfully serve as the safety valve for the housing finance market by providing financial services and products in a timely manner.

2004

- Mar. 1 Korea Housing Finance Corporation founded
- Mar. 17 Business transfer agreement signed with KoMoCo
- Mar. 25 Launch of mortgage loans
- Jun. 2 Mortgage loan sales exceed KRW 1 trillion
- Jun. 15 First MBS tranche issued (KRW 552 billion)



2005

- Jul. 18 Promotion of Science and Credit Guarantee for Student Loans Act enforced
- Jul. 19 HF designated as trustee for Student Loan Credit Guarantee Fund
- Sep. 28 'Bogeuinjari Loan' trade name registered
- Oct. 25 Korea's first Student Loan-Backed Securities (SLBS) issued (KRW 517 billion)
- Oct. 31 Launch of Bogeuinjari Loan as preferential interest rate mortgage loan for low-income non-home owners
- Nov. 8 Sales of Bogeuinjari Loans exceed 100,000

- Feb. 1 Launch of 30-year fixed-rate Bogeuinjari Loan products
- Mar. 3 Collection Management Center and Seoul Nambu Branch opened
- Apr. 5 Launch of mortgage guarantee products
- Jun. 29 Launch of e-mortgage loan

- Jan. 11 Korea Housing Finance Corporation Act amendments promulgated to add reverse mortgage loans function
- Apr. 6 Busan Collection Management Center opened
- May 9 Sales of Bogeuinjari Loans reach KRW 10 trillion
- Jul. 12 Launch of reverse mortgage loans
- Aug. 2 Contact Center CQM (Contact Center Qualified Mark) accreditation acquired (Korea Contact Center Association)

- Feb. 23 HF dubbed 'Most Respected Corporation in Korea' by Korea Management Association Consulting
- May 7 HF transferred student loan credit guarantee fund to Korea Student Aid Foundation
- May 25 HF's paid-in capital exceeds KRW 1 trillion
- Sep. 30 Mortgage-MBS swap launched to provide liquidity to financial institutions
- Nov. 16 HF obtains international credit rating (Moody's: A2, S&P: A)
- Nov. 25 HF singled out for Excellence in Service Quality in the National Quality Management Contest, earns commendation by the Minister of Knowledge Economy

2008

- Mar. 18 Iksan Collection Management Center opened
- Mar. 20 Bucheon Collection Management Center opened
- Aug. 7 Sisterhood relationship signed with Chojeon 2-ri, Eumseong-eup
- Sep. 1 Electronic debt approval system goes into operation
- Sep. 30 Number of reverse mortgage (JTYK) subscribers exceeds 1,000

- Jan. 18 Contact Center awarded Excellence in Service Quality certification from the Agency for Technology and Standards
- Jun. 21 Launch of u-Bogeuinjari Loan
- Jul. 15 Issued USD 500 million in dollar-denominated covered bonds



2012

- Jan. 16 Launch of the prime rate Bogeumjari Loan II
- Feb. 27 Launch of Jinggeondari Chonseil Deposit Loan Replacement that alleviates interest burden
- Mar. 9 Launch of Conforming Loans to support soft landing of household debts
- Aug. 7 Number of reverse mortgage subscribers exceed 10,000
- Nov. 1 KRW 10 trillion supplied in conforming loans
- Nov. 15 Redefined the corporate vision: The top housing financial partner for middle-income people
- Dec. 13 Annual MBS issuance volume exceeds KRW 20 trillion
- Dec. 31 Ranked No. 1 for a 4th consecutive year in the Public Corporation Customer Satisfaction Index (PCSI)

2011

- Jan. 3 Expanded support for prime rate Bogeumjari Loan
- Apr. 28 Issued Korea's first foreign currency-denominated covered bonds
- Jun. 1 Expanded the number of u-Bogeumjari Loan handling institutions to 11
- Jul. 1 HF paid Bogeumjari Loan stamp fees for seniors over 70
- Aug. 19 Acquired international credit rating (Fitch ratings)
- Aug. 23 Patented u-Bogeumjari Loan underwriting system
- Dec. 7 Reverse mortgage subscribers exceed 7,000

- Mar. 7 Issued USD 500 million in offshore covered bonds based on conforming loans
- Apr. 29 Carried out guarantees for interim deposits of installment-based rental houses
- May 31 Launch of Switch Conforming Loans
- Jun. 1 Launch of Advance Subscription to Reverse Mortgage
- Jul. 1 Launch of Smart Housing Finance app for smartphone users
- Aug. 16 Number of reverse mortgage subscribers exceeds 15,000
- Aug. 19 Launch of the Exemption Guarantee for Chonseil Lease Mortgage Loan II
- Nov. 18 Korea's first public corporation to issue electronic short-term bonds
- Nov. 29 Launch of the reverse mortgage on defined period benefits
- Dec. 19 Ranked No. 1 in the Public Organization Anti-Corruption Competitiveness Evaluation by the Anti-Corruption & Civil Rights Commission

2015

- Jan. 2 Launch of Monthly Rent Fund Guarantee
- Feb. 25 HF dubbed 'Most Respected Corporation in Korea' by KMAC for the 7th year in a row
- Mar. 2 Announced its new vision as 'Global leader in housing finance, growing together with people'
- Mar. 5 Total Volume of MBS provision exceeds KRW 100 trillion
- Mar. 24 Launch of Safe Conversion Conforming Loan
- Dec. 3 'Financial Consumer Protection Award' to Pre-retirement Financial Planning Course (Financial Consumer Agency)
- Dec. 14 Ranked No. 1 in evaluation of information security management by National Intelligence Service
- Dec. 31 MBS integrated announcement web portal (K-MBS) opened
- Jan. 2 Launch of the Didimdol Loan
- Feb. 17 HF dubbed 'Most Respected Corporation in Korea (guarantee insurance category)' by Korea Management Association Consulting for the 6th year in a row
- Mar. 19 Launch of the Economical e-Bogeumjari Loan
- Apr. 3 Launch of the Mid-term Conforming Loan
- Apr. 30 Launch of the Loan Restructuring Bogeumjari Loan
- Jun. 25 Number of reverse mortgage subscribers exceeds 20,000
- Jun. 25 Launch of the Adjustable-rate Conforming Loan
- Oct. 29 HF's 6th president and CEO, Kim Jae-Chun appointed
- Nov. 3 Requirements for reverse mortgage loans for multi-home owners relaxed
- Nov. 6 Launch of the t-Plus Bogeumjari Loan
- Nov. 12 Recipient of the Korea Federation of Advertising Association's Special Prize at the Korea Advertisement Awards
- Dec. 19 Relocation of head office building to Busan International Finance Center (BIFC)



Securitization

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

Provision of Bogeumjari Loans

Bogeumjari Loan is a fixed rate mortgage amortized over a long period of time adopted for the first time in Korea to improve the loans structure of housing finance market in Korea dominated by floating rates. HF has constantly endeavored to lower interest rates and make customer oriented policies so that low-and-middle income people can become home owners. As a result of this, by 2015, total KRW 84.3 trillion of Bogeumjari Loans were provided to around 878 thousand households.

Division		Average
Recipients	Age	39
	Annual Income	KRW 43 million
Loan Type	LTV	56.1%
	DTI	25.9%
Guarantee Type	Home type	Apartment 94.6%
	Home floor area	73.7m ²
	Home price	KRW 230 million

Provision of Conforming Loans

Up until 2012, the majority of domestic mortgage loans market had floating rate loans that could potentially placed burden on borrowers due to fluctuation in market interest rates. Conforming loan is a product designed to improve structure of mortgage loan market and since its launch in March 2012, it has contributed to successfully carrying out the overhaul of the household debt structure by supplying long term, fixed rate amortized mortgage loans.

What are conforming loans?

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

Average Characteristics of Borrowers and Homes for Conforming Loans

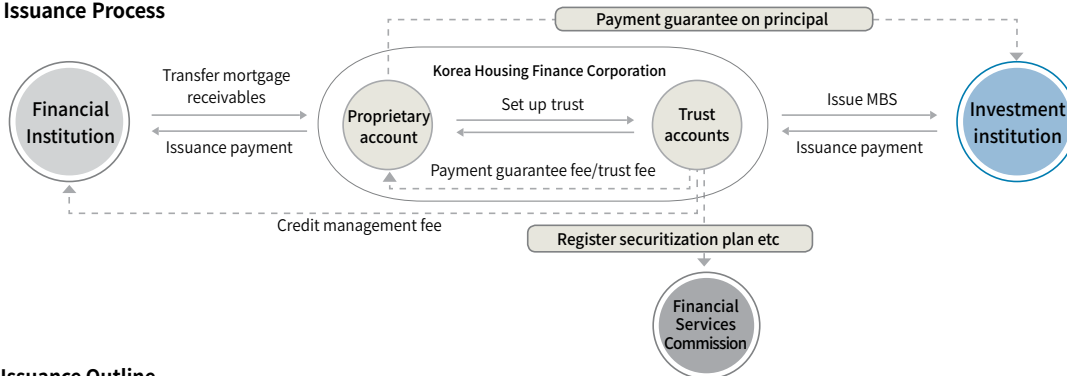
Division		Average
Borrower	Age	48
	CB grade	3rd
Loan Type	LTV	64.2%
	DTI	39.9%
Guarantee Type	Home type	Apartment 82.0%
	Home price	KRW 202 million

Mortgage-Backed Securities (MBS)

HF's securitization aims to contribute to enhancing the housing welfare of common citizens and middle class citizens by procuring the fund for Bogeumjari Loans and Conforming Loans from the capital market by issuing the Mortgage-Backed Securities (MBS).

Mortgage-backed securities (MBS) are HF's signature ABS. After Korea Housing Finance Corporation takes over Bogeumjari Loans and Conforming Loans from commercial banks to securitize the mortgages in the forms of beneficiary certificates, HF can guarantee on-time payment of the principal and interest on the MBS and give investors more confidence in mortgage-backed securities.

MBS Issuance Process



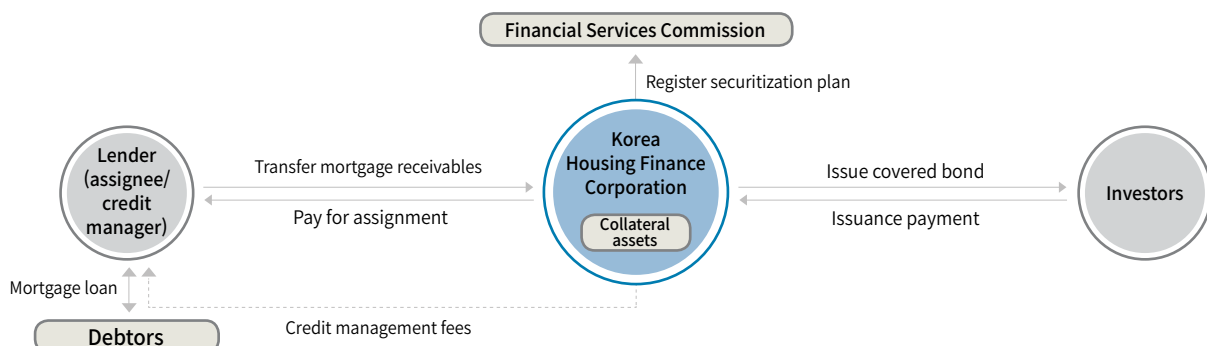
MBS Issuance Outline

Underlying assets	• Mortgage loans issued by financial institutions under the Securitization Confirmation Program (Bogeumjari Loans, Didimdol Loans, Conforming Loans, etc.)
Volume of issuance	• Approximately KRW 2 trillion (per issuance as of 2015)
MBS issuer	• Entrusted by HF (trustee: HF)
Issuance structure	• HF guarantees payment of principal and interest for senior MBS • Multiple issues set with various maturities (maturity tranching) - 1yr, 2yr, and 3yr bonds are straight bonds (lump-sum payment at maturity) - 5yr, 7yr, 10yr, 15yr and 20yr bonds are callable bonds (partial consecutive exercise of call option every three months in order of shortest maturity; different grace period given to bonds per maturities)
MBS issuance conditions	• Coupon rate: fixed rate (government bond yield + spread) • Credit rating: AAA, public subscription, listed on the Korea Exchange
Credit manager	• Credit assigning financial institutions (HF for u-Bogeumjari Loans)

Covered Bonds

Covered bonds are issued by financial institutions backed by prime assets such as mortgage loans and public sector loans. Dual recourse, which is the representative characteristics of covered bonds, guarantees the repayment security to issuing institution and the seniority on pledged assets of the investor. As it gives the advantage of procuring funds at low costs to issuers, it is becoming a popular way of procuring funds since the financial crisis.

Covered Bond Issuance Process



Housing Finance Credit Guarantees

HF continues to alleviate people's housing expense burden through its new guarantee fee rating policy, which differentiates fee rates depending on the amount of money that is put down as a rental guarantee deposit.

Main Customers of Housing Finance Credit Guarantees

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

(Units: Cases, %)

Guarantees for individuals

Annual income of KRW 30 million or less



58.8

CSS grade of 6 or lower



21.7

Homes no bigger than 85m²



94.1

Guarantees for homebuilders

Small-/medium-sized builders



99.6

Provision of Housing Finance Credit Guarantees

Since the establishment of the Housing Finance Credit Guarantee Fund in 1988, total KRW 267 trillion of guarantee loans were provided to total 9.43 million households until the end of 2015. To be more specific, by providing KRW 233.7095 trillion of individual guarantees to 6.99 million households and KRW 33.3981 trillion of housing guarantees for builders to 2.44 million households, the HF contributed in residential stabilization of low-and-middle income people and stable procurement of funds to medium-sized construction companies.

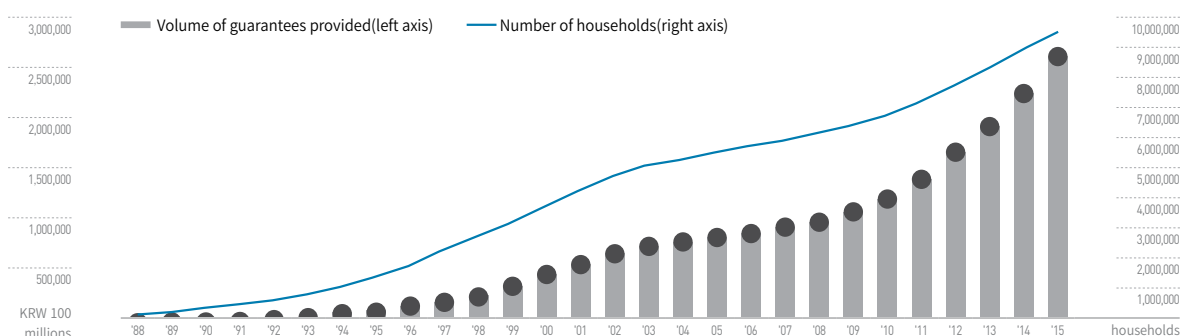
Provision of Housing Finance Credit Guarantees by Product

(Unit: KRW 100 millions)

Division		2015	Proportion (%)
Guarantees for individuals	Financing for home purchases	15,066	4.3
	Intermediate payments	153,360	43.3
	Chonsei deposits	185,693	52.4
	Others	111	0.0
	Subtotal	354,230	100.0
Guarantees for Builders	Financing for home construction	13,653	66.5
	Project financing	6,889	33.5
	Subtotal	20,542	100.0
Total		374,772	

Cumulative Credit Guarantees Offered since the Fund's Creation

(Units: KRW 100 millions, households)



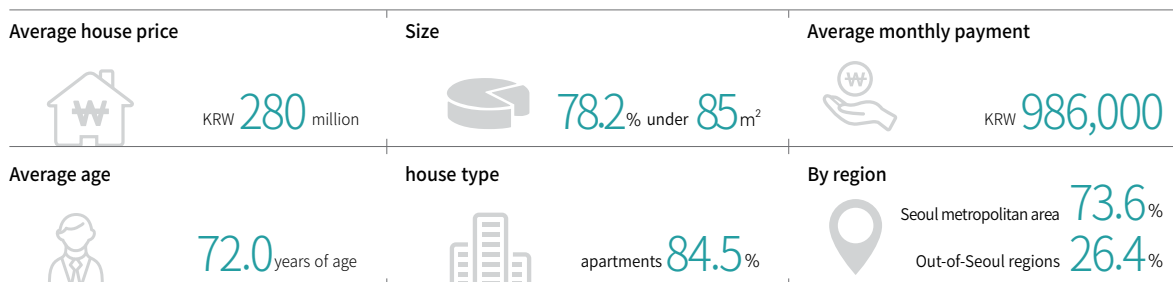
Reverse Mortgage Guarantees (JooTaekYeonKeum)

Reverse Mortgage continue to achieve qualitative growth with timely responses to a rapidly changing market and economy.

Introduction to JooTaekYeonKeum (Reverse Mortgage Guarantees)

JooTaekYeonKeum is a policy assured by HF for lifelong stability in life and residence by lending retirement fund in the form of monthly pension in return for guaranteeing the house owned by a senior.

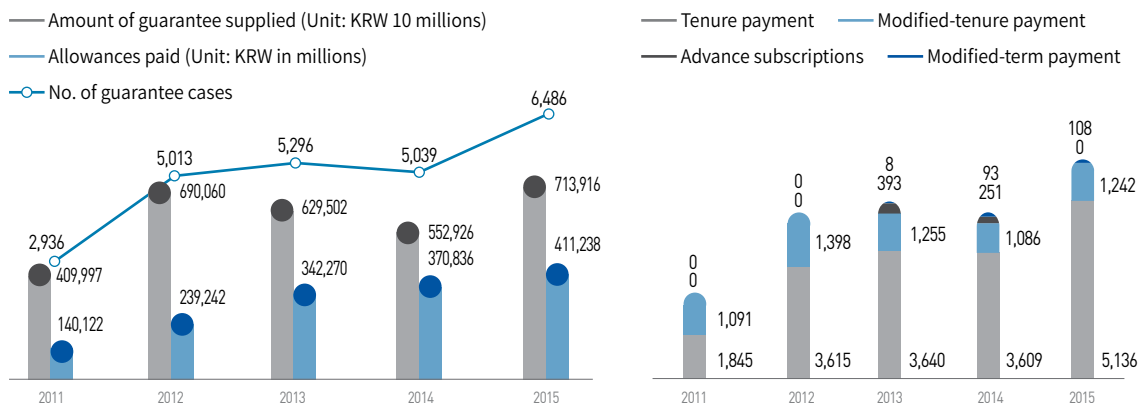
Users of Housing Reverse Mortgage



Product Benefits

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

Sales of Housing Reverse Mortgage





Global Leader in Housing Finance,
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