

KOREA HOUSING
FINANCE CORPORATION
20th ANNIVERSARY

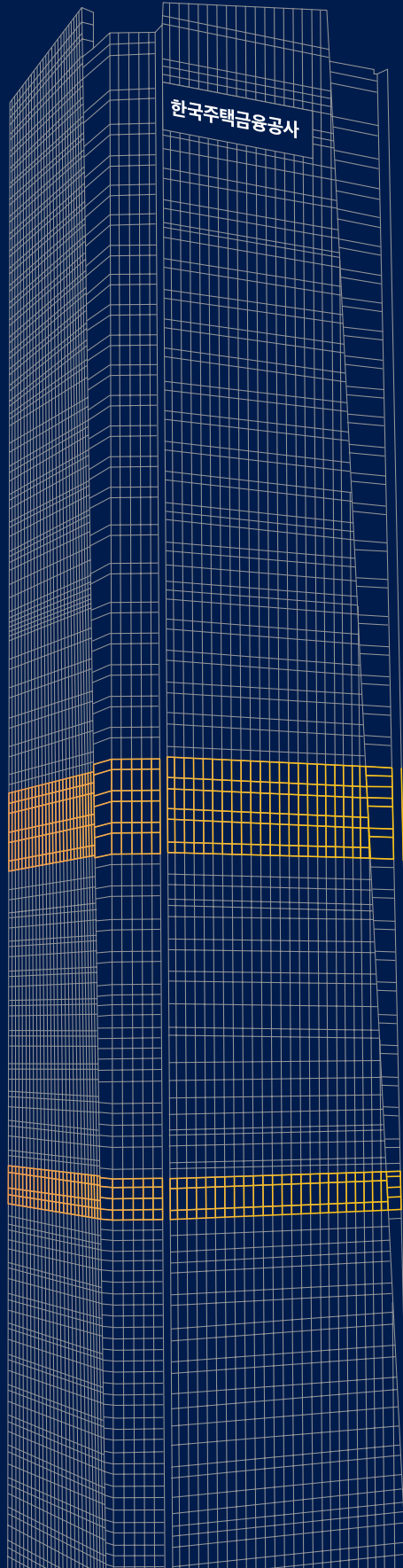
20 Years of
Companionship,

A Record of the
Journey

2004



2024



Korea Housing
Finance Corporation
20th Anniversary
White Paper
Abridgment



KOREA HOUSING
FINANCE CORPORATION
20th ANNIVERSARY

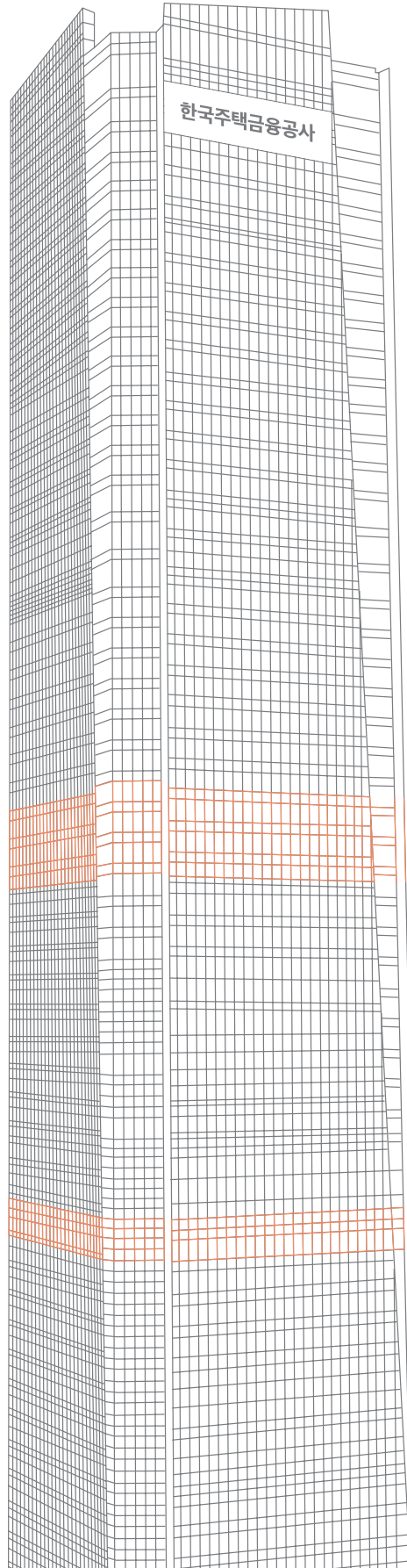
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Message from the Publisher



한국주택금융공사
KOREA HOUSING FINANCE CORPORATION



**Celebrating the
20th Anniversary,
Preparing the Future
of Housing Finance
for the People's
Housing Welfare.**

In March 2004, Korea Housing Finance Corporation, which was established to provide long-term and stable housing finance, celebrated its 20th anniversary. As we mark the 20th anniversary of the Korea Housing Finance Corporation and its journey to adulthood, we extend our heartfelt gratitude to everyone who has contributed their dedication and hard work to advancing housing finance in Korea alongside the Corporation.

Over the past 20 years, Korea Housing Finance Corporation has dedicated itself to enhancing housing

stability and welfare for the people of Korea through innovative housing financing solutions. By issuing asset-backed securities, we secured financial resources to provide long-term, fixed-rate mortgage loan products, such as Bogeumjari Loans, thereby supporting non-homeowners in purchasing their own homes and contributing to the stabilization of the housing market. Additionally, we have supported housing stability through jeonse and rent guarantees, and provided retirement living funds for elderly households through housing pensions.

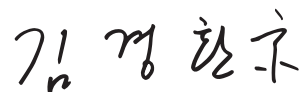
To commemorate our 20th anniversary, we have published “20 Years of Companionship, A Record of the Journey: Korea Housing Finance Corporation 20th Anniversary White Paper”. This white paper chronicles our dedicated efforts over the past two decades, showcasing our pursuit of a better tomorrow for housing finance in Korea, even amidst rapidly changing domestic and global economic landscapes. We take pride in presenting this as a valuable record of not just the Corporation’s history, but a testament to the progress of housing finance in Korea as a whole. History serves as a mirror, reflecting the path to the future. In this context, the publication of this white paper holds deep significance, allowing us to reflect on our journey, celebrate our achievements, acknowledge our shortcomings, and envision new goals and strategies to adapt to an ever-evolving environment.

As we celebrate this milestone, the Corporation remains steadfast in its commitment to its mission, striving to enhance its professional capabilities and fulfill its role as a leading housing finance institution. Our goal is to contribute to national economic development and improve housing welfare for all.

Once again, I extend my heartfelt respect and gratitude to everyone who has played a part in shaping Korea Housing Finance Corporation into what it is today. We look forward to your continued interest and support in the years to come. Thank you.

December 2024

President of Korea Housing Finance Corporation, **Kim Kyung-hwan**



Looking Forward to Continued Leadership in Promoting Residential Happiness and Welfare in Korea.



This year, Korea Housing Finance Corporation celebrates its 20th anniversary. First, I extend my heartfelt congratulations on this significant milestone and express my deep gratitude to all current and former executives and employees who have contributed to the Korea Housing Finance Corporation's growth and success since its establishment in 2004.

Over the past two decades, the Corporation has continuously embraced challenges and innovation, providing vital housing finance support to low-income households and playing a pivotal role in transforming Korea's household loan structure into one based on long-term, fixed-rate, and installment repayment.

Among its many achievements, the Bogeumjari Loan stands out as a flagship product that has adapted flexibly to policy needs and economic conditions. With variations such as the Safe Conversion Loan and Special Bogeumjari Loan, it has become a cornerstone of support for low-income individuals and first-time homeowners.

These long-term, fixed-rate mortgage products have been made possible by Korea Housing Finance Corporation's pioneering work in developing Korea's mortgage-backed securities (MBS) market. More recently, the Corporation has successfully expanded into advanced financial markets, including Europe and the United States, securing overseas funds at competitive rates through the issuance of covered bonds. This allows the Corporation to provide affordable housing finance to domestic consumers.

In addition to its housing finance products, Korea Housing Finance Corporation plays a key role in operating projects that promote housing stability. It leads initiatives like the housing pension program, which provides rental assistance for younger and low-income individuals, as well as retirement income for the elderly in an era of rapid aging.

These efforts highlight the Corporation's commitment to addressing pressing social challenges. Looking ahead, the Corporation's role will be even more critical. With growing volatility in domestic and global financial markets, the Corporation must continue addressing household debt issues while also responding to challenges posed by Korea's low birthrate and aging population.

Building on its 20 years of experience and wisdom, the Corporation is well-positioned to innovate and meet emerging market demands. The Financial Services Commission stands ready to provide ongoing support, ensuring the Corporation remains a cornerstone of Korea's housing finance system. As a leading institution dedicated to enhancing the housing welfare of the people, I am confident the Corporation will continue to grow and contribute significantly to Korea's housing finance market.

Once again, congratulations to Korea Housing Finance Corporation on its 20th anniversary. May it achieve even greater success in the years to come.

December 2024

Financial Services Commission Chairman, **Kim Byoung-hwan**

A handwritten signature in black ink, appearing to be 'Kim Byoung-hwan', written in a cursive style.

**Congratulatory
Message**

**Sincere Congratulations on the
20th Anniversary of the Korea Housing
Finance Corporation.**



Since its establishment in 2004, Korea Housing Finance Corporation has played a pivotal role in providing a stable supply of long-term, fixed-rate mortgage loans, significantly contributing to the development of Korea's mortgage-backed securities (MBS) market. By diversifying and advancing its business portfolio, from housing guarantees to housing pensions, the Corporation has firmly established itself as a leading housing finance institution in Korea, both in name and in practice. These results, achieved by the Corporation, have greatly contributed to the people's housing stability and the development of the domestic financial market.

The Corporation's role is closely intertwined with the Bank of Korea's mission to ensure macroeconomic stability. Notably, the Bank of Korea has provided vital financial resources to support the Corporation's efforts to improve the household debt structure by promoting fixed-interest loans. Additionally, asset-backed securities issued by the Corporation, such as MBS and covered bonds, have recently been designated as eligible collateral for Bank of Korea loans. To address the high proportion of variable interest rates in household loans—long identified as a structural vulnerability in Korea's economy—the Bank of Korea and the Korea Housing Finance Corporation must continue to collaborate. This partnership is essential for improving household debt structures and advancing the development of the bond market.

As Korea Housing Finance Corporation marks its 20th anniversary, I hope it will build on its significant achievements and reach new heights. By strengthening the public trust and reputation it has earned over the years, the Corporation can further solidify its position as a cornerstone of Korea's financial industry.

December 2024

Bank of Korea Governor, **Rhee Chang-yong**

A handwritten signature in black ink, appearing to read 'C Rhee', written in a cursive style.

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People's Housing
Finance Partner

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PART 1

H I S T O R Y

A Journey for People's Housing Welfare

Since the Asian financial crisis in 1997, Korea's housing finance market has undergone many changes. First, with the privatization of the Korea Housing Bank, which had focused on long-term housing-related loans since its establishment in 1967, competition among financial institutions for housing loans was expected. As a result of the liberalization of interest rates for commercial banks, the easing of regulations on real estate loans, and the implementation of measures to revitalize the housing market, household mortgage loans, primarily led by banks, increased significantly.

Chapter 1 | 2004~2009
Launch of Corporation for Stable
Supply of Housing Finance

Chapter 2 | 2010~2014
Diversification of Housing Finance
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Chapter 3 | 2015~2020
Qualitative Growth in Housing
Finance

Chapter 4 | 2021~2024
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Housing Welfare

1

Chapter

Launch of Corporation for Stable Supply of Housing Finance

2004
2009

1. The Birth of a Leading Institution Specializing in Housing Finance
2. The First Step Toward a Stable and Long-Term Housing Finance Business
3. Efforts to Establish a Foundation for Advanced Management
4. Overcoming the Financial Crisis with a Sense of Mission

01
Section

The Birth of a Leading Institution Specializing in Housing Finance

In the aftermath of the 1997 Asian financial crisis, Korea's housing finance market faced significant instability due to loan structures that involved lump-sum repayments over 3 to 5 years, coupled with floating interest rates that were adjusted quarterly. By the end of 2002, the Ministry of Construction and Transportation reported that 62.6% of home mortgage loans had maturities of less than three years, with the majority featuring variable interest rates.



2004.
Previous Headquarters of Korea Housing Finance Corporation (YTN building)

The reliance on short-term floating-rate loans posed a risk of a new financial crisis, particularly if interest rates increased or housing prices declined, highlighting the urgent need for policy initiatives to reform housing mortgage structures.

In response to the IMF foreign exchange crisis, Korea advocated for the establishment of the mortgage-backed securities (MBS) system to bolster the housing economy. To support this initiative, the government founded the Korea Mortgage Bond Securitization Company (KoMoCo) in September 1999, which issued KRW 2.8764 trillion in MBS across nine instances by 2003; however, only KRW 16.6 billion of long-term fixed-rate loan products were securitized. This limited securitization was attributed to excess funds available to expanding financial institutions and a lack of significant demand for housing mortgage loan securitization.

Consequently, in 2003, the government initiated a plan to transition from short-term floating-rate mortgage loans with lump-sum repayments to long-term fixed-rate installment loans tailored for actual users. To implement this change effectively, an integrated policy proposal and implementation agency was necessary to avoid confusion in the market. The government proceeded to merge the Housing Guarantee Department of the Credit Guarantee Fund with KoMoCo to facilitate MBS issuance and advocated for the creation of a separate entity to oversee the resources for long-term fixed-rate housing mortgage loans.

The Korea Housing Finance Corporation was officially announced during the first economic policy coordination meeting of the participatory government in March 2003 and commenced operations on March 1, 2004, following the enactment of the Korea Housing Finance Corporation Act in December 2003. The corporation was



KHFC(Korea Housing Finance Corp.) CI



2004. 3. 24.
Mortgage Loan Business Partnership Agreement Signing Ceremony

established with initial capital of KRW 310 billion from the Bank of Korea and KRW 10 billion from the Ministry of Finance and Economy, with an additional investment of KRW 56.6 billion from the Ministry of Construction and Transportation. It set up its office on the 5th floor of the YTN Tower in Namdaemun, Seoul, and adopted the abbreviation KHFC (Korea Housing Finance Corp.).

In March 2004, the corporation launched its first mortgage loan. The loan was characterized by long-term fixed interest rates, allowing loans of up to 70% of the property's value, repayable in equal monthly installments over a span of up to 20 years. Additionally, it offered an income deduction benefit of up to 10 million won, with options for customers to reduce the loan interest rate by 0.1 percentage points for each selected option, resulting in overall discounts of 1% or more. The introduction of the Debt-To-Income Ratio (DTI), which assesses a borrower's repayment capacity, significantly enhanced the reliability of mortgage loans, allowing the loan-to-value ratio (LTV) to be set 10 percentage points higher

than those at traditional banks, which was positively received in the market. Within just 70 days of its launch, mortgage loans surpassed 1 trillion won in June and reached 2 trillion won by September.

In June 2004, the corporation issued its first MBS, backed by mortgage loans, with an initial issuance of KRW 552 billion. By December, a total of KRW 3.016 trillion in senior MBS was issued across seven instances, with 41.8% (1.26 trillion won) being long-term bonds with maturities of 10 years or more, all sold to institutional investors, establishing the corporation as a key player in the domestic bond market.

1. Innovation with e-Mortgage Loans

Mortgage loans have gained significant popularity among end-users as they enable better planning of stable household expenses. By November 2005, the number of households utilizing these loans surpassed 100,000, just 20 months after the program's launch.

In August 2005, a "Brand Name Contest" for mortgage loans attracted 7,731 entries, with "Bogeuinjari Loan" winning the title, receiving applications from 67 individuals. The word "Bogeuinjari," which roughly translates to "Nest," signifies a comfortable and cozy living space in Korean, was recognized as an excellent representation of the product's purpose in assisting people in purchasing their own homes.

However, in 2006, the supply of Bogeuinjari loans fell to one-third of the previous year's level, primarily due to the insular practices of commercial banks. In response, the Corporation introduced an e-mortgage loan in June 2006, integrating the Internet with the Corporation's automated screening system. This e-mortgage loan enhanced customer accessibility and review accuracy through online applications and evaluations, offering a 0.3% lower interest rate through its streamlined process. The introduction of the e-mortgage loan was pivotal in revitalizing long-term fixed-rate home mortgage loans, leading to more than double the supply of Bogeuinjari loans in 2007 compared to the previous year. Additionally, e-mortgage loans helped mitigate insolvency risks by allowing customers to apply directly for loans.

2. Stable Establishment of the Home Guarantee Business

When the Korea Housing Finance Corporation took over the "Housing Finance Credit Guarantee Fund" in 2004, the financial status of its housing guarantee sector was highly unstable, marked by a net loss of KRW 441.4 billion and an operating multiple of 25.9 times. In this challenging environment, the Corporation was tasked with the dual objectives of enhancing residential stability for the public and improving fund management.

In February 2006, it launched the "mid-to long-term housing insurance innovation plan" aimed at strengthening its supportive role for the public while achieving financial independence by reducing guarantee incidents and addressing insolvency issues. The plan comprised three key innovations. First, the "guarantee accident net increase rate" was significantly reduced to an unprecedented 0.1% in 2006, facilitated by the establishment of a delinquency management system and enhanced preventive follow-up management. Second, the target for rental deposit guarantees was expanded from level 6 to level 8, increasing the portion of deposit guarantees for non-homeowners to 45% of the personal guarantees provided. Third, by reorganizing insolvent accident guarantees and recovering indemnity rights, the balance of guarantee incidents at the end of 2006 decreased to 29% compared to the previous year.

As a result of this comprehensive self-rescue plan and system improvements, the Corporation provided guarantees amounting to KRW 6.7603 trillion in 2008, significantly increasing the total guarantee balance to KRW 11.4064 trillion. The scale of incidents was minimized to KRW 312.8 billion, representing just 2.7% of the guaranteed balance. Moreover, basic assets rose sharply to KRW 1.1085 trillion, reflecting a 74.1% increase from the previous year, including KRW 664.2 billion raised without government assistance. The operating multiple also improved, dropping to 9.3 times—the most stable level since 2000—demonstrating the soundness of home guarantees.

3. Successful Launch of the Housing Pension Program

In 2000, Korea entered an aging society as the elderly population surpassed 7% of the total population. In response, the government introduced the “Reverse Mortgage Activation Plan” in February 2006 to support elderly homeowners without other sources of income, selecting the Korea Housing Finance Corporation (KHFC) as the responsible institution.

KHFC began developing the reverse mortgage product in October 2005. From the Corporation’s perspective, the Housing Pension program posed three main risks. First, the risk that housing prices might not rise as anticipated. Second, the issue of higher-than-expected interest rates. Third, the potential risk of longer-than-expected life expectancy for users. To address these risks, KHFC designed a model to calculate the optimal monthly payment amounts.

As a result, in July 2007, the Corporation launched the “Housing Pension” reverse mortgage product. The

Housing Pension is the first public-guaranteed reverse mortgage system in Asia. The core idea is that elderly homeowners can provide their homes as collateral and receive monthly payments from financial institutions, essentially a pension for their retirement. Particularly notable is the ability for users to access up to 30% of the loan limit in case of unexpected expenses such as medical bills.

In October 2008, the eligibility criteria for the Housing Pension were expanded from homes worth up to 600 million won to those worth up to 900 million won. In March 2009, the total loan limit was increased from 300 million won to 500 million won. Additionally, in March 2009, KHFC allowed changes to the collateral home in the case of relocation, ensuring freedom of movement, and in April 2009, lowered the eligibility age from 65 to 60.

By September 2008, just one year after its launch, the Housing Pension program surpassed 1,000 sign-ups.



2007. 7. 11.
Home Pension Fund Launch Ceremony

4. Operation and Transfer of Student Loan Business

The government introduced the Student Loan Credit Guarantee Fund in August 2005, appointing the Korea Housing Finance Corporation as its trustee. Previously, the student loan system involved the government subsidizing part of the interest when students borrowed from banks. However, financial institutions' reluctance to issue loans and the requirement for joint guarantors created challenges, leaving students from disadvantaged backgrounds unable to secure loans.

The Student Loan Credit Guarantee Fund addressed these issues by providing credit guarantees for bank-issued student loans. The Corporation managed the fund and issued Student Loan Backed Securities (SLBS). To enhance support, the Corporation increased the loan limit to 60 million won and extended the repayment period up to 20 years. Additionally, it became the first in Korea to offer living expense subsidies of up to 2 million won per semester.

When the system was implemented in the second semester of 2005, it provided credit guarantees totaling 470.1 billion won to 182,000 students, a 38% increase compared to the same period the previous year. Support continued to grow annually, and by 2008, credit guarantees worth 2.1137 trillion won were extended to 635,000 students.

In May 2009, the Corporation concluded its role by transferring the operation and management of the Student Loan Credit Guarantee Fund to the Korea Scholarship Foundation, established under the Ministry of Education and Science.

03 Efforts to Establish a Foundation for Advanced Management

Section

1. Organizational Integration and Launch of Integrated Union

The Korea Housing Finance Corporation was comprised of approximately 200 employees from diverse backgrounds, including the government, banks, and securities firms, with a core group originating from the Korea Credit Guarantee Fund and KoMoCo. As a result, the challenge of organizational integration naturally emerged shortly after its establishment. One significant issue was the differing salary systems in which the employees from the Credit Guarantee Fund followed a traditional salary system, while those from KoMoCo were on an annual salary system. Delays in labor-management collective negotiations meant that employees continued to be paid under their previous organizations' wage structures for some time after transitioning to the Corporation.

Despite these challenges, the Corporation prioritized operational efficiency and fostered consensus among employees to refocus on its core mission. The union



2006. 10. 23.
Integrated Union Launching Ceremony

integration project was also completed successfully, culminating in the launch of the unified union in October 2006. This marked the full merger of the two organizations into the Korea Housing Finance Corporation, symbolizing the resolution of their differences and their unified future.

2. Advanced Management and Service Improvement

The Korea Housing Finance Corporation (KHFC) advanced its operational capabilities by introducing the next-generation information system, Housing Information Network (HiNet), in March 2006. HiNet served as an integrated platform combining business and management functions into a single streamlined system. In January 2007, KHFC established a Disaster Recovery (DR) Center at the LG CNS Incheon Data Center to ensure business continuity in the event of disasters such as earthquakes, fires, or terrorism. Additionally, an Electronic Document Management System (EDMS) was implemented to enhance document handling and storage efficiency. By December of the same year, KHFC launched a dedicated computer system for managing reverse mortgage annuity guarantees to support reverse mortgage loans. In May 2006, KHFC secured a patent (No. 10-0587522) for its securitized securities design automation system.

The Corporation further improved customer service by establishing an integrated call center in July 2006 with the single contact number 1688-8114. This call center



2006. 3. 10.
Operation of Housing Finance Comprehensive Information Network (HiNet system)

incorporated a Computer & Telephony Integration (CTI) system to streamline communications and enhance customer support. As a result of its efforts, KHFC earned the Contact Qualification (CQ) certification mark from the Korea Contact Center Association in August 2007 for its high-quality consultation services.

To further enhance customer relationship management, KHFC launched the VOC Integrated Management System in 2008, which unified customer information across all contact points. This initiative contributed to KHFC receiving the prestigious Korean Service Quality Excellence (SQ) certification at the National Quality Management Competition organized by the Ministry of Knowledge Economy in December 2009.

3. Laying the Foundation for Ethical Management

In November 2004, the Korea Housing Finance Corporation (KHFC) introduced employee conduct regulations aimed at eradicating corruption and fostering a culture of ethical work practices. By December 2006, the Corporation established the Executive Integrity Contract System Operation Standards, outlining executives' obligations to uphold integrity and their accountability for any violations. Building on these efforts, KHFC published an Ethical Management Practice Manual in December 2007. In January 2008, the Corporation reinforced its commitment to ethical standards by holding an ethical management declaration ceremony, appointing an internal ombudsman, and securing integrity pledges from all executives and employees.

To enhance transparency and prevent financial misconduct, KHFC implemented the Financial Account Real-Time Monitoring System (EAGLE-I) in January 2009, strengthening the reliability of fund management processes. Additionally, in October 2008, the Corporation joined the United Nations Global Compact (UNGC), an international initiative advocating for 10 principles across four key areas: human rights, labor, environment, and anti-corruption. KHFC committed to embedding these principles into its operations and management strategies.

1. Efforts to Expand Securitization and Financing

In 2008, the domestic market faced a severe financial crisis triggered by the subprime mortgage crisis in the United States. The Korea Housing Finance Corporation (KHFC) was also affected, as the additional interest rate for issuing Mortgage-Backed Securities (MBS), its primary funding source, surged from 79 basis points (bp) in June 2008 to 390 bp in October following the Lehman Brothers collapse. This forced KHFC to temporarily suspend MBS issuance. To address the crisis, the government provided KHFC with a 200 billion won reserve fund in December 2008, intended for use during natural disasters. This precedent led to an additional 200 billion won investment in May 2009.

This method allowed private financial institutions to transfer mortgage loan receivables to KHFC in exchange for KHFC-issued MBS instead of cash. The Mortgage-MBS Swap program, launched in September 2009, provided 5 trillion won in funding to five institutions that year. Even after the liquidity crisis subsided, the program facilitated additional transactions worth 2.1 trillion won across three instances in 2010.

Meanwhile, liquidity issues faced by construction companies during the global financial crisis prompted KHFC to introduce the P-CBO Guarantee, an asset-backed security (ABS) program designed to issue bonds based on underlying assets and provide necessary funding. After extensive discussions with the Financial Services Commission and revisions to the Enforcement

Decree of the Korea Housing Finance Corporation Act, KHFC delivered P-CBO guarantees totaling 1.0264 trillion won in December 2008 and February 2009.

2. Recognized as a Leading Company Through External Evaluations

In February 2009, the Korea Housing Finance Corporation (KHFC) secured the top position in the “Korea’s Most Admired Companies” survey, highlighting its industry excellence and reputation. Later that year, in November 2009, KHFC achieved significant recognition on the global stage by obtaining credit ratings from major international rating agencies. Moody’s assigned an A2 rating to KHFC’s dollar-denominated long-term bonds, while Standard & Poor’s (S&P) awarded the corporation an A foreign currency long-term rating and an A1 foreign currency short-term rating. Remarkably, these ratings were equivalent to those of the Korean government, reflecting the corporation’s robust financial stability and credibility in international markets.



2009. 3. 11.
Recipient of the “Korea’s Most Admired Company” Award

2

Chapter

Diversification of Housing Finance and the Corporation's Development

2010
2014

1. Seeking a Paradigm Shift in Housing Finance
2. Expansion of Housing Finance for Residential and Retirement Stability
3. Pursuing Management Stability

1. A New Horizon for Mortgage Loans: The Evolution of the Bogumjari Loan

In 2009, due to the global financial crisis, Korea’s household debt surged by a significant 6.3%. A major concern was that most of the home mortgage loans from banks were still tied to floating interest rates.

To address this issue, Korea Housing Finance Corporation launched the u-Bogumjari Loan in June 2010, offering a substantial interest rate discount by leveraging widely accessible methods such as the internet, phone, and mail. The u-Bogumjari Loan allowed applicants to apply online, consult via phone, and submit required documents by mail, eliminating the need to visit a branch. Another key feature was that, unlike the traditional method in which a loan was first executed at a financial institution before suitability was reviewed during asset due diligence, the Corporation directly conducted a transfer eligibility review and then notified the financial institution. This innovative approach was patented in August 2011 under the name “Dual Quantity Qualification Examination System and Method” (Patent No. 10-1057942). An automated management system was also established, enabling the Corporation to handle follow-up management directly.

The u-Bogumjari Loan was launched with a minimum interest rate of 3.3%, lower than the 3.46% minimum interest rate of banks’ variable-rate loan products at the time. The product garnered significant attention, with over 5,000 consultation applications submitted within just 7 business days of its launch. By August, 8,439 loans

were processed, and the total supply surpassed 1 trillion won. By the end of 2010, the u-Bogumjari Loan supply reached approximately 2.85 trillion won. By 2013, the u-Bogumjari Loan accounted for about 97% of the total supply.

Supply Performance of Bogumjari Loan

(unit: Hundred Million won)

Year	2010	2011	2012	2013
Supply Performance	58,479	94,147	112,062	119,047

In February 2011, the Corporation introduced the “Hybrid Bogumjari Loan,” which offered a low fixed interest rate during a three-year grace period, after which it transitioned to a standard fixed interest rate. Then, in January 2012, the “Preferential Type II Home Loan” was launched as part of efforts to stabilize the lives of ordinary citizens. This product provided up to 200 million won in support to non-homeowners with an annual income between 25 million won and 45 million won to purchase homes priced at 600 million won or less.

Supply Performance of Preferential Bogumjari Loans

(unit: Hundred Million won)

Year	2010	2011	2012	2013
Supply Performance	1,393	5,110	24,855	85,814

In January 2014, the Corporation introduced the “Stepping Stone Loan for Owning a Home,” which consolidated the government’s housing financial support system for low-income individuals, standardizing both the support targets and criteria. The Stepping Stone Loan offers up to 200 million won at a minimum annual interest rate of 2.8% to applicants who do not own a home and have a combined annual income of 60 million won or less, or to first-time homebuyers with an income of 70 million won or less. The Stepping Stone Loan became highly popular, accounting for 70.7% of the 8.4688 trillion won in Bogumjari loan performance in 2014.

Additionally, in March 2014, the Corporation launched the “Akim e-Bogeumjari Loan,” which reduced the interest rate by 0.1% compared to the existing Bogeumjari loan by making the loan agreement process 100% online. In November, the Corporation also introduced the “t-Plus Bogeumjari Loan” for users who had difficulty accessing the Internet, allowing them to apply for a loan at a bank counter while still benefiting from the same interest rate as the online-only “u-Bogeumjari Loan.”

2. Qualification of Long-Term Fixed Rate Loans, Eligible Loans

Despite the growth of long-term fixed-rate loans, bank mortgage loans still had a high proportion of variable-rate loans and lump-sum repayments at maturity. To address this, the government initiated a policy to raise the proportion of fixed-rate, non-deferred installment loans to 30% by the end of 2016.

However, it was difficult for banks, which primarily fund loans through deposits, to independently expand long-term fixed-rate loans. In response, the Corporation developed a loan product designed for Mortgage-Backed Securities (MBS) issuance, creating a virtuous cycle where the Corporation purchases long-term fixed-rate loans from banks in a manner similar to the Bogeumjari Loan, issues MBS, and then resells the long-term fixed-rate loans. This product, called the “Conforming Loan” (based on the U.S. concept of a loan that qualifies for securitization), has a loan limit of up to 500 million won for properties valued at 900 million won or less, and is structured for repayment over 10 to 30 years. The loan allows banks a level of autonomy in determining the interest rate, loan term, and product name within parameters set by the Corporation.

In March 2012, the Corporation partnered with Standard Chartered Bank to launch the first conforming loan product with a 5% fixed interest rate, 0.5% lower than the market’s variable interest rate, under the name “Pure Long-Term Fixed Interest Rate Mortgage Loan.” By June, just three months after the launch, the new supply of conforming loans exceeded 1 trillion won. Considering



2012. 3. 9.
Market Securitization Agreement Ceremony with Standard Chartered Bank

that the total Bogeumjari loans sold through 19 financial institutions in June 2012 amounted to 921.3 billion won, the performance of conforming loans was remarkable.

As demand for conforming loans grew, more institutions began offering them, and by September, most major commercial and local banks were selling them. In August 2012, the monthly new supply of conforming loans surpassed 2 trillion won, reaching a cumulative total of 10 trillion won by October. The total supply in 2012 amounted to 14.1912 trillion won.

To further expand consumer choice, the Corporation introduced new products, including the “Qualified Conversion Loan” in May 2013. This loan allowed homeowners with an annual income of 60 million won or less, a house size of 85 m² or less, and a house price of 600 million won or less to defer the principal repayment of their existing loan for up to 10 years. In 2014, the Corporation launched “mid-term conforming loans” with 5- and 7-year maturities, catering to customer preferences during periods of interest rate stabilization. They also introduced ‘5-year cycle interest rate adjustable conforming loans,’ which adjust the interest rate every

Proportion of Fixed-Rate Loans from Banks Since the Launch of Eligible Loans (unit: %)

Year	2012	2013	2014
Non-deferred installment loan ratio	14.2	15.9	23.6
Fixed interest rate loan ratio	13.9	18.7	26.5

five years.

From 2012 to 2014, the Corporation supplied a total of 28.9256 trillion won in conforming loans, thereby increasing the proportion of fixed-rate and non-deferred installment loans in the banking sector.

3. Issuance of Asia's First "Legislated Covered Bond"

Covered bonds are issued by financial institutions using high-quality assets, such as mortgage-backed securities, as collateral (the cover pool). These bonds are considered a stable investment for investors since they hold the right to claim repayment of both principal and interest from the issuer and the collateral assets. They are also seen as a reliable means of fundraising for issuers.

Korea Housing Finance Corporation found a solution during the 2009 global financial crisis, when overseas borrowing became difficult due to a sharp rise in exchange rates, by issuing covered bonds. In July 2010,

the Corporation successfully issued a \$500 million dollar-denominated statutory covered bond.

These covered bonds offered lower interest rates compared to securitized securities issued domestically and overseas borrowing by other financial institutions, due to the use of low-interest-rate resources from abroad. The covered bond issued at that time received an "Aa3" rating from Moody's, one level higher than the national credit rating, despite only providing 119% collateral, attracting significant market attention. Additionally, it received the "Best Securitization Deal in Asia" award at the "AAA Awards" hosted by the global financial magazine *The Asset*, and the "Deal of the Year" award from *Asiamoney*, enhancing the reputation of Korean finance.

Since then, the Corporation has continued issuing overseas covered bonds, and in May 2013, it issued another \$500 million in covered bonds based on qualified loans.

In January 2014, the government introduced the "Act



2010. 7. 14.
London Covered Bond Issuance



2011. 1. 20.
Awarded "Best Securitization Issuer in Asia"

on the Issuance of Bonds with Double Redemption Claims (Covered Bond Act),” the first of its kind in Asia, establishing a new legal framework for stable long-term financing.

02 Expansion of Housing Finance for Residential and Retirement Stability

Section

1. Efforts to Expand Jeonse Lease Guarantees

Since the second half of 2009, Korea has been facing a continued jeonse crisis. In response, Korea Housing Finance Corporation increased the deposit guarantee limit from 100 million won to 200 million won in the latter half of 2009. Additionally, in September 2010, the guarantee limit was raised from 70% to 80% of the deposit amount. As a result of these measures, the corporation’s annual guarantee supplies surpassed 10 trillion won for the first time in November 2010, and by the end of the year, it reached a record high of over 11 trillion won in total housing guarantee supply. Of this amount, deposit guarantees accounted for 5.1 trillion won.

To address the concentration of jeonse fund guarantees for National Housing Fund loans, the Corporation introduced the “National Housing Fund Maturity Repayment Guarantee” in June 2010. In December 2010, in response to rising demand for jeonse loans from single- and two-person households, the Corporation launched the “Bank-financed Jeonse Fund Loan Agreement Guarantee,” which enabled loans for lease funds without the need for dependents or head-of-household status.

In February 2012, the Corporation introduced the “Stepping Stone Jeonse Guarantee” product, which allowed customers with high-interest jeonse loans from second-tier financial institutions to switch to lower-interest loans (as low as 3.6%) from first-tier institutions. Later that year, in August, the “Lease Registration Tenant Special Guarantee” product was introduced to guarantee the tenant’s lease funds. In August 2013, to ease the

burden on ordinary people facing rising jeonse prices, the Jeonse II Special Guarantee was launched. This product eliminated the need for a lump-sum payment and increased the guarantee limit from 150 million won to 300 million won.

Thanks to these initiatives, the deposit guarantee has reached record highs every year, significantly contributing to housing stability for non-homeowners.

2. Diversification of Housing Credit Guarantees

In the 2010s, the corporation expanded its housing finance credit guarantee business by introducing new products. In July 2012, the scope of personal guarantee support was broadened to include semi-residential properties such as officetels and senior welfare homes, and the deposit guarantee limit was increased from 200 million won to 300 million won. In June 2013, the requirement for joint guarantors for individuals was abolished.

As a result of these initiatives, guarantee supply in 2011 saw a remarkable increase of 79.7% compared to the previous year, surpassing 20 trillion won for the first time since the corporation's establishment. By 2013, the balance of housing guarantees exceeded 4 trillion won, marking another milestone. In 2014, the total guaranteed supply exceeded 30 trillion won for the first time in history.

3. Expansion of Housing Pension Services

In March 2011, Korea Housing Finance Corporation introduced a system allowing customers to cancel their contract within one month of signing. Then, in July 2012, the temporary withdrawal limit for housing pensions, which could be used for medical or educational expenses, was increased from 30% to 50%. In August 2013, the subscription criteria were relaxed, allowing only homeowners aged 60 or older (rather than both spouses) to qualify. In November 2014, the corporation enabled owners of multiple homes with a combined value of 900 million won or less to enroll in a housing pension,

addressing the equity concerns of low-priced multi-homeowners.

Furthermore, the corporation expanded its housing pension offerings by introducing new products. In July 2010, the "Senior Welfare Housing Pension" was launched, extending eligibility beyond housing covered by the Housing Act. In July 2012, the "Two-Stage Fixed-Rate Reduction Pension" was introduced, offering a larger monthly payment for the first 10 years of enrollment, followed by a 70% payment from the 11th year. In June 2013, the "Pre-Enrollment Housing Pension" was created for individuals over 50 years of age facing housing poverty, with a lowered subscription age and expanded withdrawal limits. That November, the "Fixed Period Housing Pension" was launched, allowing subscribers to choose the duration of monthly payments based on their retirement income and spending plans.

As a result of these efforts, the number of customers enrolled in the housing pension exceeded 10,000 in August 2012, five years after its launch. Two years later, in June 2014, we recorded our 20,000th subscriber.

Pension Payment Size and Supply Guarantee

(unit: Hundred Million won)

Year	2010	2011	2012	2013	2014
Pension Payment	911	1,401	2,392	3,423	3,708
Pension Guarantee Amount	30,361	41,000	69,006	62,950	55,293



2014. 6. 26.
20,000th Subscriber of Housing Pension

03 Pursuing Management Stability
Section

1. Re-establishing the System Toward National Housing Welfare

In March 2010, celebrating its 6th anniversary, Korea Housing Finance Corporation changed its corporate image (CI) from “KHFC” (Korea Housing Finance Corp.) to “HF.” The new CI image consists of the letters H and F, the first letters of Housing and Finance - the keywords for the Corporation’s core business, with a symbolic “roof” on top, representing the philosophy of “HF,” which strives to be a reliable partner for the common people in providing a shelter from the wind and rain. Additionally, in December 2010, “Vision 2020” was announced to establish the Corporation’s new vision. In November 2012, a new vision of “the best housing finance institution working with the common people” was established in preparation for another leap forward. Meanwhile, the Corporation expanded its research and incorporated the research department into the Housing Finance Research Institute in March 2012. Since then,



2010. 3. 10.
New CI Declaration Ceremony



New CI

the HF has conducted activities such as researching advanced housing finance markets and housing finance systems, conducting joint research with financial policy authorities and research institutes, and holding international seminars with the participation of major domestic and foreign financial institutions.

In addition, the Corporation developed and launched the “Smart Housing Finance” app service in July 2013. “Smart Housing Finance” is a customized one-stop service that allows users to apply for and check the results of Bogeumjari loans, jeonse financing, and interim payment loans for pre-sold housing. The app achieved a record of 50,000 downloads within two months of its launch.

2. Pursuing a Strong Public Enterprise and Transparent Management

In the second half of 2009, Korea Housing Finance Corporation introduced its first organizational culture slogan through a public contest. The slogan, T.O.P, which stands for Together (representing cooperative labor-



2013. 12. 18.
T.O.P Contest



2011. 3. 28.
Recipient of the "Korea's Most Admired Company" Award

management relations and organizational unity to achieve the vision), Open (symbolizing open management), and Passion (reflecting a dedicated attitude toward achieving the vision), was selected.

With the launch of the T.O.P organizational culture, the corporation implemented several initiatives to enhance employee engagement and organizational efficiency. In February 2010, it established the Praise Relay Program, and in February 2012, it introduced the Work Suggestion of the Month, incorporating employee ideas into management practices.

In December 2013, the corporation rolled out the Professional Occupation System, designed to manage personnel with specialized skills in areas such as lending, securitization, guarantees, accounting, research, risk, and IT without requiring role changes.

To enhance transparency and investor trust, the corporation adopted International Financial Reporting Standards (IFRS) starting in fiscal 2013, aligning with the government's mandate for semi-governmental organizations.

Additionally, in November 2013, it became the first public institution to issue electronic short-term bonds worth KRW 110 billion, fostering the short-term financial market. In December, the corporation strengthened its internal systems by introducing OTP authentication for its in-house portal to bolster information security. During this period, the Corporation earned numerous accolades. In December 2010, it achieved a "very good" rating in both the Integrity Measurement and Anti-Corruption

Policy evaluations by the Anti-Corruption and Civil Rights Commission, ranking first among 77 semi-governmental organizations. In subsequent evaluations in 2011 and 2013, it achieved the highest "best" rating and 1st grade, maintaining its top position among semi-governmental organizations. The corporation also received consistent recognition in public institution management evaluations, earning the highest "A Grade" in 2009 and maintaining this distinction for four consecutive years through 2012—the first fund-management semi-governmental institution to achieve this feat. Furthermore, it was ranked first in the guaranteed insurance sector in the Korea's Most Admired Company survey conducted by Korea Management Association Consulting (KMAC) in 2009, holding this position for seven consecutive years until 2015.

3

Chapter

Qualitative Growth of Housing Finance

2015
2020

1. Start of Busan Era
2. Strengthening the Role of Housing Finance
3. Increasing the Effectiveness of National Housing Stability
4. Pursuing Management Based on Substance and Trust

1. New Start, New Vision

Korea Housing Finance Corporation moved its headquarters to Busan International Finance Center (BIFC) in December 2014, heralding the Busan era. The corporation moved into a total of 7 floors, including the 7th floor and occupying from 23rd to 27th floors, including the sales office on the 2nd floor of the Busan International Finance Center. On December 29, the Busan IT Center opened on the 7th floor of the headquarters.

With the opening of the Busan era, the Corporation changed its vision, slogan, core values, CEO management policy, organizational culture, and mid-to long-term strategic system to prepare for a second leap forward. Through this initiative, the Corporation newly announced the slogan, “Your Financial Partner for Housing Stability and a Happy Retirement!” It also redefined its three core values—public interest orientation, creativity and innovation, and integrity and transparency—and established three key management principles: servant management, creative management, and future-oriented management. Additionally, the organization renewed its three cultural pillars: Together, Open, and Professional.

2. The First Step Toward Regional Shared Growth

In 2015, Korea Housing Finance Corporation engaged in various collaborations with leading local financial



2014. 12.
Relocated Headquarters to Busan International Finance Center



Busan Branch Before Relocation of Headquarters to Busan



2015. 3. 4.
Comprehensive business partnership agreement ceremony between Busan Bank and local residents to improve housing welfare

institutions and universities. In March, the Corporation signed a comprehensive agreement with Busan Bank to promote housing finance and improve local residents' housing welfare. In August, it entered into a partnership with Pusan National University to develop a joint industry-academia program focused on solving mathematical problems. As part of the agreement with Pusan National University, the Corporation proposed developing a "mortgage-backed securities (MBS) call option pricing model." This collaboration aimed to support practical industrial advancements and enhance the financial expertise of researchers, setting a new standard for industry-academia partnerships.

In April 2015, the corporation launched the Jaemijiye (才美之例) program to share knowledge in housing and finance with young people. The initiative aimed to contribute to the local community, support talent development, and increase interest in the Corporation's work and the housing finance market. The name Jaemijiye combines a Busan dialect phrase with the idea of "an exemplary public enterprise fostering a beautiful society through talent donation."

In July 2016, starting with its fifth event, the Jaemijiye Housing and Finance Lecture transitioned to a circuit-based system, hosting lectures at Yonsei University, Korea University, and Pusan National University. These sessions also served as recruitment information events. Over time, the lecture series has become a signature initiative for promoting the Corporation's mission, particularly at universities in Busan and Seoul.

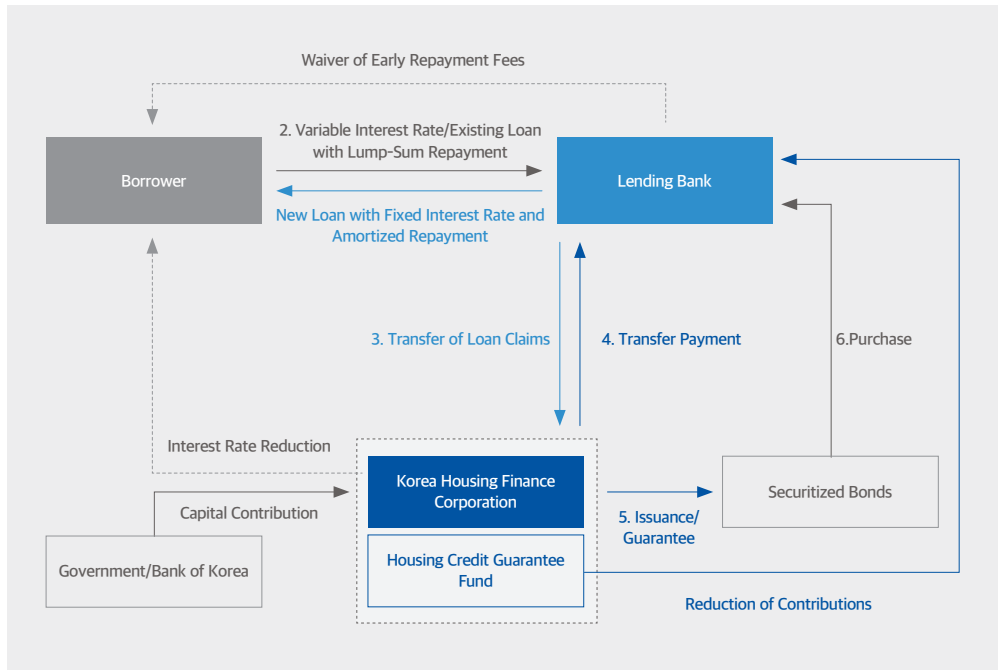
02 Strengthening the Role of Housing Finance Section

1. Expansion of Fixed-Interest Installment Repayment Products

In March 2015, the Korea Housing Finance Corporation introduced the groundbreaking "Safe Conversion Loan," designed to convert existing variable interest rate and lump-sum repayment loans into fixed-rate, installment-repayment loans within the same bank. Offering a competitive interest rate of 2.6%, lower than prevailing variable rates, the program garnered overwhelming demand, exhausting its target of 20 trillion won within just four days of launch. After fixed-rate mortgage loans became stagnant again, the corporation launched the "Subsidized Safe Conversion Loan" in September 2019. This product allowed refinancing to fixed-rate mortgages with interest rates ranging from 1.85% to 2.2% for single-home households with a combined annual income of 85 million won or less and property valued under 900 million won. The initiative received 635,000 applications within two weeks, totaling a staggering 73.9 trillion won in requests.

In January 2017, the Corporation launched a "Bogumjari Loan Exclusively for Residents," which permitted a higher DTI ratio of up to 80%, compared to the previous cap of 60%. This product targeted genuine consumers by enabling more accessible financing, absorbing demand for fixed-rate installment loans and improving the structure of group loans.

In April 2018, the "Home Loan for Newlyweds and Households with Multiple Children" was introduced. By 2019, the program had supplied 3.3 trillion won to



Safe Conversion Loan Structure Diagram

newlywed households and 12.2 trillion won to families with multiple children. In May 2018, the corporation rolled out the “Better Bogeumjari Loan,” which converted high-interest floating rate or lump-sum repayment mortgage loans from secondary financial institutions into low-interest, long-term fixed-rate installment loans through the Corporation. For conforming loans, a “Fixed Interest Rate Conforming Loan” was launched in January 2017, supplying 8.3 trillion won to over 66,000 households by year-end.

Additionally, in May 2017, the Corporation introduced a Collateral-Limited (Non-Recourse) Stepping Stone Loan. This product limited the borrower’s repayment responsibility to the value of the mortgaged house, even in the event of falling housing prices due to economic downturns. Initially offered only for Stepping Stone Loans, the non-recourse feature was gradually extended to Bogeumjari Loans and Qualifying Loans in May 2018, eventually encompassing all of the Corporation’s policy mortgage products.

2. Stable Operation of MBS and Covered Bonds

The Korea Housing Finance Corporation (HF) marked a significant milestone in March 2015, achieving a cumulative issuance of KRW 100 trillion in mortgage-backed securities (MBS), following the issuance of KRW 14.5046 trillion worth of MBS in 2014. Notably, in 2015, MBS issuance surged by an impressive 381% year-over-year to KRW 55.2193 trillion, driven largely by the successful securitization of approximately KRW 34 trillion in Safe Conversion Loans.

Until 2019, the Corporation issued MBS with maturities of 1 to 20 years. In October 2020, it added a 30-year maturity MBS worth 10 billion won for the first time in its history. This marked a departure from the previous practice of issuing MBS with maturities ranging from 1 to 20 years and addressed investor demand for ultra-long-term securities. Additionally, in March 2020, HF attracted a landmark investment of KRW 300 billion from Singapore’s UOB (United Overseas Bank Limited

Co.), marking the first time a foreign financial institution invested in domestic won-denominated MBS.

In November 2016, HF became the first institution in Korea to issue pass-through MBS, aligning the repayment schedule of MBS with that of underlying mortgage loans. Pass-through MBS distribute all principal and interest payments collected from the mortgage loans, minus fees, directly to investors. This structure transfers the risk of early mortgage repayments to investors while offering potential excess returns based on prepayment projections. By 2020, the cumulative issuance of pass-through MBS had reached KRW 20.1727 trillion, starting from KRW 1.5661 trillion in 2017.

HF also expanded its presence in the covered bond market. In October 2018, it became the first Asian entity to successfully issue a €500 million euro-denominated social covered bond. The following year, in April 2019, HF obtained the prestigious European Covered Bond Council (ECBC) label, affirming the legal and structural stability of its covered bonds in line with European standards. In June 2019, HF issued €500 million in social covered bonds rated AAA—two notches above Korea’s sovereign credit rating.

In 2020, HF achieved another milestone by becoming the first Asian issuer of a €1 billion covered bond with a negative interest rate, reaching the target amount at a record-low interest rate within an hour of its announcement. In July of the same year, it further cemented its leadership by becoming the first non-European entity to issue a social covered bond specifically aimed at supporting recovery efforts during the COVID-19 pandemic.

3. Pursuing the Stability of Housing Finance Credit Guarantees

In the mid-2010s, rising jeonse prices became a significant issue in the Korean housing market. To address this, in 2015, the Corporation launched the “Monthly Rent Fund Guarantee,” offering low-interest loans to individuals with deposits under KRW 100 million and monthly rents below KRW 600,000, aimed at easing

housing costs for ordinary citizens. In July of the same year, it reduced guarantee fees to expand the reach of the “Stepping Stone Jeonse Fund Guarantee,” which refinanced high-interest jeonse loans (7–8% per annum) from second-tier financial institutions into low-interest loans (3–4% per annum) from first-tier institutions.

By August 2016, the Corporation extended its guarantee services to vulnerable groups, including North Korean defectors and free workout applicants. Through collaborations with organizations like the Credit Recovery Committee, it addressed information gaps and significantly increased special lease guarantees, reaching 1,262 households—a 2.3-fold increase from the prior year. In October 2017, the Corporation launched the Interest Rate Reduction Agreement Jeonse Fund Guarantee, enhancing housing stability for key groups, including young people, newlyweds, and financially vulnerable households.

In May 2018, it introduced the “Policy Microfinance User Jeonse Special Guarantee” for users of products supported by the Korea Inclusive Finance Agency, such as Sunshine Loan, Microfinance, New Hope Loan, and Change Dream Loan. In July, the Corporation signed a business agreement with the Housing and Urban Guarantee Corporation, allowing customers using the Corporation’s “Jeonse Fund Guarantee” to also enroll in the Housing and Urban Guarantee Corporation’s “Jeonse Deposit Return Guarantee.” In August, the eligibility criteria for the “Special Jeonse Guarantee for Socially Disadvantaged Groups” were expanded to include families supporting elderly parents, multicultural families, permanent rental housing residents, and individuals leaving child welfare facilities.

In May 2019, the Corporation introduced the Youth-Customized Special Jeonse and Monthly Rent Fund Guarantee Product, offering college students and young adult loans at low interest rates in the 2% range. Later, in October, it launched the “Special Lease Deposit Guarantee Product,” guaranteeing loans up to KRW 50 million with a minimum annual guarantee fee of 0.05%, specifically for low-revenue small business owners. In July 2020, in response to concerns over declining jeonse

prices and to protect tenants' deposits, a combined product, "Jeonse Keeper Guarantee (Jeonse Deposit Return Guarantee)," was launched.

These efforts culminated in a record-high supply of personal guarantees worth KRW 60.43 trillion in 2020, significantly bolstering housing stability for low-income households.

4. Strengthening the Substance of Housing Pension Services

In 2015, Korea Housing Finance Corporation (HF) launched the "Retirement Finance Academy" to enhance the financial literacy of retired seniors and support comprehensive retirement planning. As the first public institution to offer tailored financial education for retirees, the program expanded to 18 branches nationwide by 2016.

In January 2015, HF introduced a "Bridge-Type Housing Pension," which combines a bank's reverse mortgage loan with the option to transition into a housing pension at the loan's conclusion. This was followed by the April 2016 launch of the "My Home Pension 3-Piece Set," a groundbreaking initiative in the housing pension sector. Type 1 is for individuals over 60 with a home mortgage, allowing them to subscribe to a housing pension, repay

their loan, and receive monthly pension payments from the remaining balance. Type 2 offered preferential interest rates to those in their 40s and 50s using Bogeumjari Loans, with a commitment to subscribe to or transition to a housing pension in the future. Type 3 which was basically a Preferential Housing Pensions, provided up to 15% additional monthly payments for seniors with homes valued under KRW 150 million, particularly targeting those in rural areas with lower property prices.

The My Home Pension 3-Piece Set achieved remarkable success, with 1,366 new housing pensions worth KRW 784.4 billion issued within six months of its launch. Above all, it led to a 2.1-fold increase in local subscribers compared to the previous year. As a result, the number of annual subscribers exceeded 10,000 for the first time in 2016, setting a new record.

The Corporation continued to enhance housing pension benefits through system improvements. From September 2015, it allowed contracts to remain valid even if the mortgaged home was rebuilt or redeveloped, and in March 2016, the eligibility age was relaxed from requiring both the homeowner and spouse to be 60 or older to only one of them meeting the age requirement. And as of April 2018, it further lowered the age threshold to allow subscription if either the homeowner or spouse was under 55.

In December 2020, it revised the eligibility standard, replacing the market price cap of KRW 900 million with a publicly announced price cap of KRW 900 million and included residential officetels as eligible properties. Furthermore, starting from February 2020, the Corporation introduced a policy to refund the initial guarantee fee if a housing pension subscriber passed away within a year of enrollment, and if both the subscriber and their spouse passed away after the contract cancellation period, the guarantee fee was refunded proportionally based on the usage period.



2016. 4.
"My Home Pension 3-Piece Set" Poster



Increasing the Effectiveness of National Housing Stability

1. Exploring Ways to Expand Housing for the Financially Vulnerable

Korea Housing Finance Corporation (HF) explored various initiatives to ensure housing stability for credit recovery applicants. In January 2016, HF signed a business agreement with the Credit Recovery Committee to recommend reliable debt repayers with low credit scores, enabling them to access housing finance services more effectively. By August 2017, the system was enhanced to allow individuals who had fulfilled their legal repayment obligations to qualify for long-term, fixed-rate mortgage loans, such as the Bogeumjari Loan. From September 2018, HF expanded the scope of its “Special Guarantee for Credit Recovery Applicants” to include individuals who had either repaid their credit recovery debts or received debt waivers but were previously ineligible for general deposit guarantees due to low credit ratings.

In addition, in order to expand housing finance support for low-income and vulnerable groups, the Corporation has implemented a principal repayment deferment system since September 2016 for mortgage loan delinquent customers who are experiencing temporary financial difficulties due to unemployment, business closure, or reduced income. In November 2016, the Corporation also regularized its Long-Term Low-Interest Loan Support Program for Low-Income Families, which had previously been offered annually in collaboration with the Korea Asset Management Corporation.

2. Efforts to expand the supply of public rental homes

Metro Station Area Youth Housing Project is a project initiated by the Seoul Metropolitan Government in July 2016 to provide rental housing near transit hubs for individuals aged 19–39 and newlyweds. In April 2017, HF signed a financial support agreement with the Seoul Housing and Communities Corporation and KB Kookmin Bank, offering preferential guarantees for the project.

Social and Community Housing Project is a project aims to provide long-term rental housing (15–30 years) with shared community spaces managed by cooperatives and other entities. In May 2018, HF partnered with the Seoul Housing and Communities Corporation and KEB Hana Bank to support the supply of 13,000 housing units over five years, expanding the initiative to include Busan and other regions. Meanwhile, in May 2019, the Corporation established the basis for setting the Housing and Urban Fund as the first priority and banks as the second priority. Through safe design and consultations, it launched a “Hybrid Construction Financing Guarantee Product” that combines bank resources.

3. Efforts to Realize Socially and Inclusive Housing Finance

The Korea Housing Finance Corporation (HF) signed a “Financial Support Agreement for Housing Stability of Newlywed Couples” with the Seoul Metropolitan Government and KB Kookmin Bank and starting from May 2018, it has been supporting newlywed couples by providing loans of up to 90% of their rental deposit, up to a maximum of 200 million KRW, for a period of up to six years, at rates lower than the market average.

To further expand support, HF signed an agreement with Jeju Island in September 2018, introducing a jeonse deposit guarantee for newlyweds and young adults renting homes on the island. The Corporation continued its efforts in 2019 by signing a “Comprehensive Business Agreement for Providing Support for Jeonse Funding for Newlyweds and Multicultural Families” with Busan Bank



2018. 11. 28.
Social Value Innovation Forum

and the Seoul Metropolitan Government. Additionally, in March 2019, HF partnered with Gyeongsangnam-do and other local governments to launch the “Youth Housing Rental Deposit Interest Support Project,” aimed at promoting stable living conditions for young residents in the Gyeongnam region. In May 2019, a “Business Agreement to Improve Housing Welfare and Create Jobs for Young Workers in Industrial Complexes” was signed with the Korea Industrial Complex Corporation. This was followed by the signing of the “Gyeongbuk-Type Youth Happy Housing Stepping Stone Project Agreement” in September 2019. Beyond housing support, HF demonstrated its commitment to social value. In November 2018, the Corporation hosted the “Social Value Innovation Forum” at the Busan International Finance Center (BIFC) to align with the government’s goal of “realizing social value.” In addition, to support local small and medium-sized enterprises (SMEs) struggling due to COVID-19, the Corporation established a mutual growth loan fund in November 2020, providing interest rate reductions on loans to over 120 SMEs based in Busan.



2019. 3. 26.
Comprehensive Business Agreement Signing Ceremony to Support Jeonse Funds for Newlyweds and Multicultural Families

04 Pursuing Management Based on Substance and Trust

Section

1. Digital Transformation in Preparation for the 4th Industrial Revolution

Korea Housing Finance Corporation (HF) established an open banking system in January 2016, enabling users to safely access services such as u-Bogeuinjari Loans, housing pension applications, and loan balance inquiries across various internet environments. Additionally, in December 2015, HF launched K-MBS (<http://kmbs.hf.go.kr>), a dedicated disclosure portal for MBS, to provide investors with integrated information on MBS. In June 2017, with the launch of internet-only banks, HF expanded electronic signature options and introduced electronic signature to promote non-face-to-face channels. In October 2018, for the first time among public financial institutions, HF implemented blockchain-based identity authentication through Kakao Pay for sending notices to customers using Bogeuinjari Loans. Furthermore, HF introduced electronic registration in January 2018 and enhanced operational efficiency by replacing securitized bond documents with electronic images in January 2019.

In June 2021, HF launched the next-generation information system, ‘HI-ON.’

HI-ON has been recognized for establishing a comprehensive non-face-to-face housing finance platform by integrating internet and mobile electronic finance, document digitization, and an internal integrated knowledge system.

2. System Improvement and Management Innovation

The Korea Housing Finance Corporation (HF) introduced the Debt Service Ratio (DSR) for the first time in January 2015. The DSR measures the ratio of a borrower’s annual loan principal and interest repayments to their annual income. In 2016, the DSR framework was expanded to banks and became a standard for the housing mortgage loan market. Subsequently, in January 2018, HF introduced a new Debt-to-Income (DTI) ratio, which includes repayment obligations for all mortgage loans on properties other than the primary residence and calculates borrowers’ annual income based on a two-year average.

To maintain high integrity standards, HF signed a “Labor-Management Joint Integrity Practice Agreement” in September 2015. In December 2016, HF added a procedure to its “Trust Account Fund Operation Regulations” to verify the daily deposit amounts of bond recovery accounts. In February 2017, HF established the “Pre-Review Standards for Financial Product Advertising and Improvement” and in March 2020, it adopted the “Trading Standards for Financial Investment Products.”

In December 2017, HF was ranked first among 573 institutions in the “2017 Integrity Assessment” conducted by the Anti-Corruption and Civil Rights Commission. In 2018, at the National Integrity Day Ceremony, HF was recognized as the top institution in the Anti-Corruption category and received a Presidential Commendation.

It was also selected as the highest-rated (Grade 1) institution in the “Public Institution Anti-Corruption Initiative Evaluation.” By 2019, HF was acknowledged as an outstanding institution for integrity for the tenth consecutive year.

To create an equitable working environment, HF established a “Center for Reporting and Supporting Victims of Workplace Abuse” within the Compliance Support Division in September 2018. In December of the same year, it adopted the “Human Rights Management Charter” and held a proclamation ceremony to foster an organizational culture that respects human rights.



2015. 9. 23.
Labor-Management Integrity Joint Practice Agreement Ceremony



2018. 11. 28.
Social Value Innovation Forum

In December 2019, HF implemented the “Safety Management Regulations” to establish a safety-focused management system.

3. Strengthening the Status of the Corporation

To cultivate housing finance professionals, the Korea Housing Finance Corporation (HF) established the HF Future Talent Center in September 2020. The facility, located in Gampo-eup, Gyeongju, is a six-story building above ground with one basement level.

In addition, HF has shared its expertise in housing finance with Asian countries, strengthening its position as a “global housing finance leader.” In September 2019, HF hosted the 2019 AFIS (Asian Fixed Income Summit) and the ASMMA (Asian Secondary Mortgage Market Association) Annual Meeting at the Busan Lotte Hotel and Nurimaru APEC House. The 2019 AFIS and ASMMA Annual



Exterior of HF Future Talent Center



Interior of HF Future Talent Center



2019. 9. 3.

2019 AFIS Conference and ASMMA Annual Meeting

Meeting, attended by over 150 participants, including experts from 12 Asian housing finance institutions and government officials, marked the first international event organized by HF since its establishment.

4

Chapter

Leading Organization in National Housing Welfare

2021
2024

1. Advancing Housing Finance Initiatives that Resonate with the Public
2. Establishing a Foundation for Stabilizing Mortgage-Backed Securities
3. Driving Management Innovation for a Sustainable Future

1. Declaration of a New Vision

In 2022, the Korea Housing Finance Corporation (HF) reaffirmed its commitment to its mission of “enhancing national welfare and contributing to economic development through the long-term and stable provision of housing finance.” With the goal of continually fulfilling its public role to improve the housing welfare of citizens, HF adopted a new vision: “A leading institution for sustainable housing finance, ensuring the housing welfare of the people.” The core values were also redefined as “Public Interest,” “Expertise,” and “Trust” to strengthen its dedication to fulfilling its public functions. The strategic objectives were updated to “Advancing a lifecycle-based housing finance platform,” “Strengthening housing finance systems for future innovation,” “Enhancing professional expertise in housing finance,” and “Establishing a sustainable financial management framework.”

2. Launch of a Housing Mortgage Loan Product Suited to the Times

In June 2021, the Korea Housing Finance Corporation (HF) launched a 40-year ultra-long-term policy mortgage product to efficiently and stably support young adults and newlyweds in achieving homeownership. A year later, in August 2022, it introduced the 50-year maturity Bogeumjari Loan and Qualified Loan.

Additionally, in September 2022, HF launched the third round of the Safe Conversion Loan, following its

previous offerings in 2015 and 2019. This product allows borrowers to switch from variable or mixed-rate mortgage loans obtained from primary and secondary financial institutions to long-term, fixed-rate policy mortgages. By the end of February 2023, this initiative had supplied approximately KRW 7.8 trillion to over 60,000 households. In October 2022, HF introduced the “First-Time Homebuyer Special Purchase Guarantee,” which supports first-time homebuyers purchasing properties valued at KRW 900 million or less by providing mortgage loans of up to 80% of the home’s value. Similarly, in November 2022, HF launched the “First-Time Homebuyer Bogeumjari Loan,” enabling first-time buyers to secure loans covering up to 80% of their home’s price.

3. Service Improvements for Expanding Housing Support for Genuine Demand

The Korea Housing Finance Corporation (HF) increased the loan limit for the Bogeumjari Loan from KRW 300 million to KRW 360 million in July 2021. Additionally, the allowable uses of the Limited Liability Bogeumjari Loan were expanded from home purchases to also include loan repayments. Starting in September 2021, HF introduced the “Preferential Interest Rate Program for Low-Income Households,” offering a 1 percentage point preferential interest rate to households with combined annual incomes of KRW 45 million or less and homes priced at KRW 300 million or less (or KRW 500 million or less in metropolitan areas). Subsequently, in April 2022, the Corporation added “refinancing” as an eligible purpose for the Limited Liability Bogeumjari Loan. Starting in March 2023, it extended the deadline for disposing of existing homes in purchase-purpose loans from two years to three years. Furthermore, in May 2024, HF signed the “Covered Bond Guarantee Agreement” with KB Kookmin, Shinhan, Woori, Hana, and Nonghyup banks to support the expansion of long-term, fixed-rate housing mortgage loans supplied by private financial institutions.

As a result of these efforts, HF provided housing funds totaling KRW 27.3 trillion to 164,000 households in 2021,



2024. 5. 27.

Covered Bond Payment Guarantee Business Agreement Ceremony to Revitalize Private Long-Term Mortgages

KRW 21.7 trillion to 140,000 households in 2022, and KRW 49.2 trillion in 2023. In July 2021, HF increased the individual support limit for the “Youth Customized Special Rent and Deposit Guarantee” from KRW 70 million to KRW 100 million. In August, the loan limit for the “Busan Youth and Newlywed Housing Deposit Support Project” was raised from KRW 150 million to KRW 200 million, and the deposit guarantee limit for youth was increased from KRW 30 million to KRW 100 million. In December 2021, HF signed an agreement with Daegu City and others to implement the “Daegu Youth and Newlywed Housing Deposit Support Program.”

Starting in January 2022, the eligibility criteria for rental deposit guarantees were relaxed, increasing the deposit ceiling from KRW 500 million (KRW 300 million outside the metropolitan area) to KRW 700 million (KRW 500 million outside the metropolitan area). Additionally, in August 2022, the guarantee limit for special jeonse guarantees for vulnerable groups was raised from KRW 50 million to KRW 80 million, and in October 2022, the maximum jeonse deposit guarantee was increased from KRW 200 million to KRW 400 million.

As a result of these efforts, the supply of housing finance credit guarantees for jeonse deposits reached KRW 49.3 trillion in 2021, KRW 54.7 trillion in 2022, and KRW 52.9 trillion in 2023.

4. Strengthening Support to Minimize Jeonse Fraud Damage

As Jeonse fraud became a growing social issue, the Korea Housing Finance Corporation (HF) explored various solutions to assist victims. In June 2023, HF launched the “Special Bogeumjari Loan for Jeonse Fraud Victims” to support individuals who have suffered from Jeonse fraud. This loan allows victims to obtain up to 100% of the winning bid price if they acquire the property through auction or public sale, or up to 80% of the housing price when purchasing another home. Additionally, in June 2023, HF implemented a “Special Debt Adjustment” program for clients who had taken out loans via Jeonse guarantees and were unable to repay due to Jeonse fraud. This program allows victims to repay the loan in installments over a period of up to 20 years after HF settles the debt with the bank on their behalf. HF also introduced a new “Jeonse Fraud Victim Counseling” option (option 8) on its existing call center ARS menu (1688-8114) in June 2023.

Furthermore, starting in July 2023, HF enforced mandatory “Special Jeonse Deposit Return Guarantee” for tenants, under which homeowners benefiting from DSR regulation relaxation must ensure the protection of future tenants’ Jeonse deposits. In August 2023, HF launched the “Special Jeonse Deposit Return Guarantee” program, allowing landlords to apply for this guarantee to protect future tenants in homes that received the

relaxed DSR regulation loan.

5. Activation of Housing Pension for the Stability of Citizens' Retirement Life

In December 2020, the Housing Finance Corporation Act was amended, marking a new turning point for the housing pension program. The key changes in the amendment included the expansion of the eligibility criteria to homes with a public value of up to 900 million KRW, allowing for the inclusion of residential officetels, and introducing the trust-based housing pension and a special account for preventing foreclosure (the “Housing Pension Protection Account”).

As a result, the housing pension became automatically transferred to the spouse in the event of the policyholder's death, ensuring stable pension payments. Additionally, the program now allows participation even if there is a lease contract with a deposit on the owned property. On the same day, the Housing Finance Corporation launched the “Housing Pension Protection Account,” which protects up to 1.85 million KRW, the minimum living expense amount, from foreclosure.

In August 2021, the Corporation introduced a housing pension product that allows participants to choose how they receive payments based on their economic activity and financial situation. Customers can select from options including the “initial increase type” (where more money is received in the initial years, with durations of 3, 5, 7, or 10 years) or the “regular increase type,” which adjusts payments regularly to account for inflation.

In February 2022, the Corporation expanded the allowed property price limit for housing pension-backed homes to 1.2 billion KRW in cases of home sales, reconstruction, or demolition, while also ensuring that accounts would not be automatically canceled if the loan balance remained above 10,000 KRW after early repayment. In July 2022, the Corporation allowed housing pension holders to freely change the method of collateral setting. Furthermore, in December 2022, the rules were improved to allow the withdrawal of the agreement if the guarantor dies within the cancellation period.

As a result of these efforts, in August 2022, the Housing



2022. 8. 18.
Cumulative Housing Pension Subscribers Exceed 100,000

Finance Corporation reached a significant milestone, with the cumulative number of housing pension enrollees exceeding 100,000, fifteen years after the program's launch.

In October 2023, the Corporation expanded the eligibility for housing pensions, increasing the allowable public property value from under 900 million KRW to under 1.2 billion KRW. Additionally, the total loan limit was raised from 500 million KRW to 600 million KRW, resulting in up to a 20% increase in monthly payments for new enrollees. The requirements for on-site property inspections were also relaxed, expanding the eligibility to include not only apartments but also multi-family homes, townhouses, and senior welfare housing.

In May 2024, new provisions were introduced to allow housing pension users to move to senior welfare housing or retirement facilities. Additionally, in June 2024, the Corporation expanded the target housing value for preferential housing pensions for low-asset elderly people and elderly residents in rural areas from under 200 million KRW to under 250 million KRW. The withdrawal limit for preferential housing pensions was also increased from 45% to 50% of the loan limit.

As a result, the Corporation provided housing pension guarantees to 10,805 people amounting to 15.25 trillion KRW in 2021, 14,580 people amounting to 24.97 trillion KRW in 2022, and 14,885 people amounting to 22.5 trillion KRW in 2023.

02
Section

Establishing a Foundation for
Stabilizing Mortgage-Backed
Securities

1. MBS Structural Improvements

The Mortgage-Backed Securities (MBS) issued by the Korea Housing Finance Corporation (HF) included call options in some categories, allowing for the early repayment of principal to investors. These call options, which were included in securities with a maturity of five years or more, had been a hindrance to attracting investment in MBS. To overcome the limitations of the call-option MBS, the Corporation issued the first-ever

straight MBS (without call options) in September 2021. Subsequently, in March 2024, the Corporation issued the first “structurally improved MBS” in 20 years since its establishment, which featured an improved call option structure.

In November 2022, the Corporation also published the MBS Index (K-MBSI) on the asset-backed securities disclosure portal. The MBS Index is a market-capitalization-weighted price index calculated using MBS as the underlying asset, helping investors compare it with other bond indices and promoting investment.

2. Leadership in Global Finance

In October 2021, the Corporation issued the first-ever social covered bond in the domestic market, raising 550 million euros with a seven-year maturity, the longest term for any domestic institution. In October 2022, despite external challenges such as interest rate hikes, economic downturns, and the Russia-Ukraine war, the Corporation successfully issued 300 million Swiss Francs



2023. 12. 13.
New York Office Opening Ceremony

in overseas bonds. This marked the first-ever Swiss Franc-denominated covered bond issued in Asia and the first social covered bond issued in the Swiss market. In February 2023, the Corporation successfully issued its first U.S. dollar-denominated bond, totaling 1.3 billion USD, and in April 2023, it issued the first-ever Australian dollar-denominated social covered bond in the domestic market, raising 320 million AUD.

In December 2021, the Corporation opened its first overseas office in Singapore, establishing an international presence. Later, in October 2023, it opened an office in New York, USA.

03 Driving Management Innovation for a Sustainable Future

Section

1. Building a Transparent and Innovative Management System

In March 2021, the Korea Housing Finance Corporation (HF) established an Anti-Corruption and Integrity Promotion Task Force under the CEO's leadership to focus on fundamentally improving internal integrity. This task force targeted three key areas for improvement: organizational structure and personnel, budget execution, and fairness in work directives. In July 2021, the Corporation integrated corruption and public interest reports into a unified system by establishing the "Public Interest Whistleblowing Handling and External Anonymous Reporting System Guidelines" and reorganizing its Public Interest Reporting Center into the "Public Interest Whistleblowing Center."

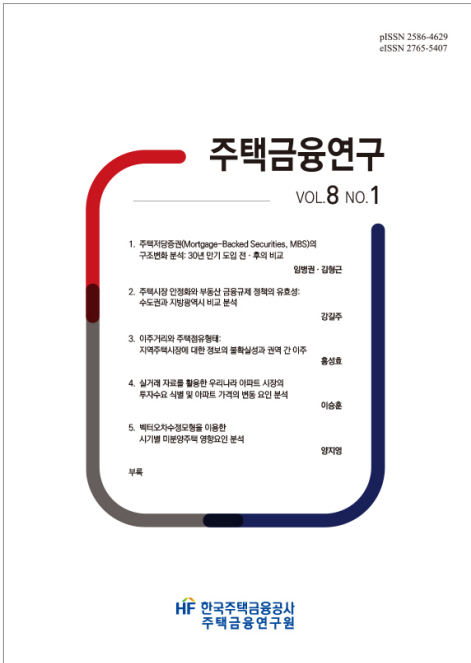
In December 2021, the Corporation received the ISO 37001 certification, an international standard for anti-corruption management systems, in recognition of its efforts to



2021. 12. 2.
International Standard for Anti-Corruption Management System (ISO 37001) Certification Award Ceremony



2021. 11.
Occupational Safety and Health Management System (KOSHA-MS) Certification



"Housing Finance Research Journal", Published by Housing Finance Research Institute

eliminate corruption and promote a culture of integrity. In October 2022, the Corporation became the first financial public institution to obtain ISO 37301 certification for its compliance management system. In December 2023, the Corporation produced and distributed a "Human Rights Management Report" covering its human rights management framework, human rights impact assessment, human rights violation remedy procedures,

and human rights management education.

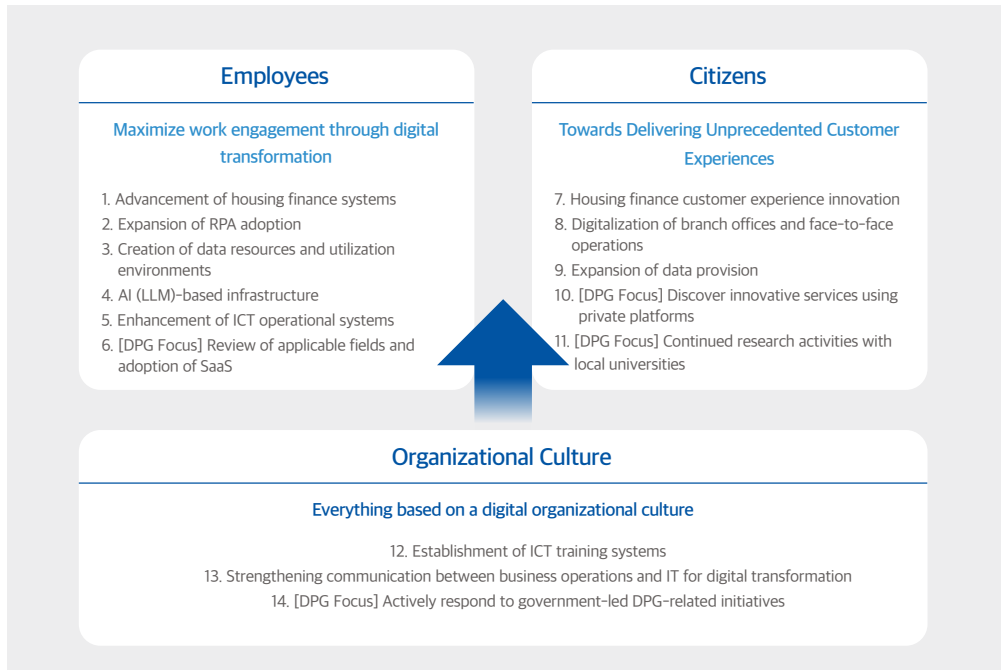
In November 2021, the Corporation established a sustainable self-regulating safety and health management system by obtaining the KOSHA-MS (Occupational Safety and Health Management System) certification. Additionally, in December 2023, the Corporation became the first financial public institution to receive the Ministry of the Interior and Safety's Disaster Reduction Excellence Certification.

Moreover, in December 2023, the "Housing Finance Research Journal," published by the Housing Finance Research Institute, was selected as a new candidate for the Korea Research Foundation's 2023 journal registration. Regarding internal controls, the Corporation established the "Internal Control Standards for Financial Investment Businesses" in March 2022. It also implemented a Risk Control Self-Assessment (RCSA) by division starting in 2022, identifying improvement tasks and enhancing control levels. In December 2023, the Corporation enacted the "Internal Control Regulations" to prevent operational risks that could hinder the achievement of management goals.

2. Improving Digital Environment for Employee and Customer Convenience

To advance into the era of the Fourth Industrial Revolution, the Korea Housing Finance Corporation (HF) has strengthened its core capabilities by introducing and utilizing various digital technologies.

In November 2021, the Corporation implemented a dual telecommunications network system to ensure stable communication operations. This system ensures that, even if one telecom provider experiences disruptions due to disasters such as fires or earthquakes, communication can be maintained. In May 2022, the Corporation launched a remote application support service for elderly and hearing-impaired individuals seeking policy mortgage products. In June 2022, the Corporation signed a comprehensive business agreement with Naver Financial to activate a non-face-to-face service for housing finance credit guarantees, allowing customers



Medium-to-Long-Term (2024-2028) Digital Transformation Strategy

requiring guarantees, such as those for Jeonse or housing pensions, to receive automatic recommendations and guidance on appropriate products.

In April 2023, the Corporation enhanced its system for elderly individuals by improving the non-face-to-face housing pension application function through internet financial services. In July 2023, the Corporation replaced the traditional fax-based bidding system with an electronic bidding system for public bonds.

Additionally, in November 2024, the Corporation formulated a “Medium-to-Long-Term Digital Transformation Strategy (2024-2028)” to effectively support citizens and employees while ensuring systematic resource allocation internally.

Furthermore, in November 2021, the revision of the “Public Data Linkage Act of the Korea Housing Finance Corporation” passed, and from December 2023, the Corporation began offering the “Public MyData Service.” This allows customers to submit required documents for 18 services, including applications for the Home Mortgage Loan, with just one request for third-party



2022. 11. 24.
Winner of the “21st Information Security Awards” - Minister of Science and ICT Award

information provision on the customer service website and app.

PART 2

B U S I N E S S

**People's Housing Finance
Partner**



Chapter 1 | Introduction to Main Businesses

1. Securitization Business
2. Housing Finance Credit Guarantee Business
3. Housing Pension Guarantee Business

Chapter 2 | Organization

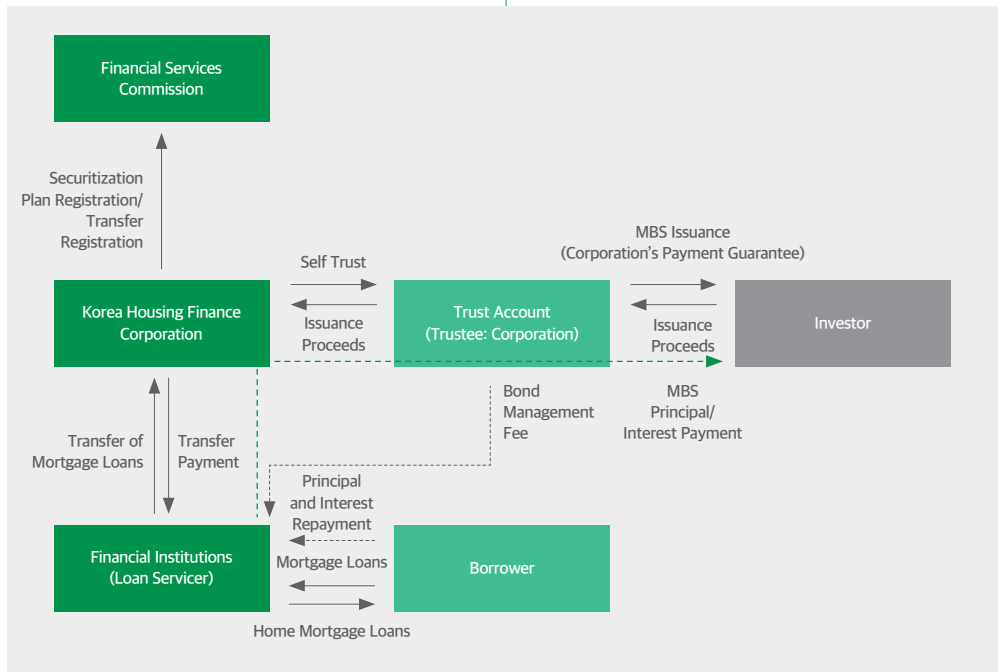
1. Organization
2. Headquarters and Branch Status

1

Chapter

Introduction to Main Businesses

1. Securitization Business
2. Housing Finance Credit Guarantee Business
3. Housing Pension Guarantee Business



MBS Issuance Structure Diagram

01. Securitization Business

Securitization refers to the process of transferring mortgage loans (mortgages) from financial institutions and issuing securitized products, such as mortgage-backed securities (MBS), based on those underlying assets. Korea Housing Finance Corporation (HF) supports the homeownership of citizens by supplying long-term, fixed-rate, and installment mortgage loans like the Bogeumjari Loan and Eligible Loans through securitization.

1. Policy Mortgage Supply

The Bogeumjari Loan is the first long-term, fixed-rate, and installment-based housing loan introduced in Korea to support homeownership for low- and middle-income citizens and actual homebuyers. Since its establishment,

the corporation has been supplying Bogeumjari Loans, which were first launched in March 2004 as Korea's first mortgage loan. By 2023, a cumulative total of 306.9 trillion KRW in Bogeumjari Loans had been supplied.

The Eligible Loan, launched in March 2012, allows financial institutions to autonomously determine loan conditions such as product name and interest rates within the range of the corporation's eligibility requirements. It is available for housing priced under 900 million KRW with a loan limit of up to 500 million KRW. By 2023, 134 trillion KRW of Eligible Loans were supported.

The Limited Liability Ddimdoll Loan, launched in May 2017, is a loan where the borrower's repayment obligation is limited to the collateralized property. Even if the property value decreases and the full loan is not repaid, no additional repayment is required beyond the collateral.

In addition, the corporation has launched the Safe Conversion Loan in three rounds, including in 2015,

2019, and September 2022. This loan helps borrowers switch from variable interest or interest-only loans to fixed-rate loans with principal repayment.

2. Policy Mortgage Fund Procurement

Mortgage-backed securities (MBS) are income securities issued by financial institutions after acquiring housing mortgage loans and entrusting them to a self-managed trust. As of the end of 2023, the corporation's cumulative MBS issuance amount reached 397.2 trillion KRW, with an outstanding issuance balance of 156.2 trillion KRW, making it one of the leading domestic bonds, comparable to government bonds.

Covered bonds provide dual security by guaranteeing investors' priority repayment rights for the collateralized assets and repayment claims against the issuing institution, ensuring stable fund procurement. Since 2010, the corporation has issued 14.6 trillion KRW worth of foreign currency covered bonds in 25 rounds by 2023, diversifying its funding sources.

02. Housing Finance Credit Guarantee Business

Credit guarantees are provided by the Korea Housing Finance Credit Guarantee Fund, managed and operated by the Korea Housing Finance Corporation. Typically, guarantees are established through contracts between creditors and guarantors, whereby the guarantor is obligated to fulfill the debtor's duties if the debtor fails to do so. The corporation provides credit guarantees for individuals' Jeonse loans (rent deposit loans), interim construction loans, and housing suppliers' construction fund loans.

1. Personal Guarantee

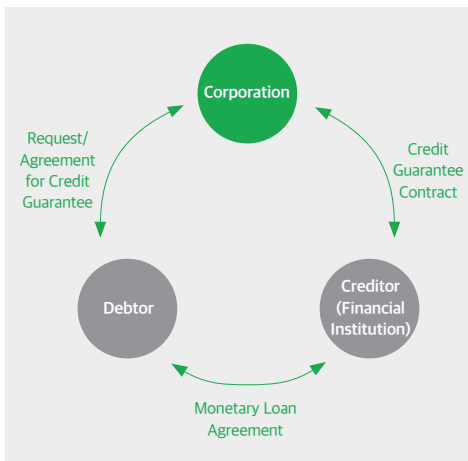
Personal guarantees refer to when an individual housing seeker receives a loan from a financial institution to build, purchase, lease (including Jeonse), or renovate a house, senior welfare housing, or officetel, and the guarantee is provided to cover the funds required for these purposes. The main clients are low-income individuals earning less than 40 million KRW annually. Since the establishment of the fund in 1988, the corporation has supported personal guarantees totaling 591 trillion KRW by the end of 2023.

2. Business Guarantee

Business guarantees are credit guarantees provided to corporations or individual businesses engaged in construction or leasing projects. Depending on the use of the funds, the guarantees are categorized into construction fund guarantees, project financing (PF) guarantees, construction cost plus PF guarantees, purchase and rental business guarantees, and recourse debt collection guarantees. By the end of 2023, the corporation had supplied business guarantees totaling 42.8 trillion KRW.

3. Fund Status

The corporation's Housing Finance Credit Guarantee Fund is created from contributions by the government and financial institutions, guarantee fees from users, recouped claims, and investment income. Since 2008, the fund has been managed as a self-sustaining fund, free from the government's financial burden. By the end of 2023, the fund's net basic assets amounted to 10.176 trillion KRW. The guarantee operation ratio, calculated by dividing the outstanding guarantee balance by the guarantee fund, was 12.6 times by the end of 2023, maintaining a stable level compared to the legal operation multiplier of 30 times.



Three-way Relationship of Credit Guarantee Parties

03. Housing Pension Guarantee Business

The housing pension guarantee system has effectively fulfilled its role as an efficient retirement planning tool. Clients can receive a pension while residing in the home they have used as collateral, and continue to do so until both they and their spouse pass away. They can also use the lump-sum withdrawal system to receive a large sum, such as for medical expenses. Since its launch in 2007, the housing pension system has led stable retirement lives for the aging population, surpassing 100,000 cumulative subscribers by 2022.

The target beneficiaries of the housing pension are homeowners or their spouses who are at least 55 years old and whose combined property value is below 1.2 billion KRW (based on the official appraised price). For couples owning two homes, they can still apply even if the combined value exceeds the official appraised price of 1.2 billion KRW, provided that they dispose of the non-residential property within three years.

The corporation commissions research services from external experts annually and recalculates key variables to adjust the monthly payment amounts based on these studies.

From 2016 to 2023, the corporation has consistently provided more than 10,000 housing pensions annually for 8 consecutive years. Since the launch of the housing pension, by 2023, the average property price of subscribers at the time of enrollment was 380 million KRW, the average monthly payment was 1.21 million KRW, and the average age at the time of subscription was 72.1 years.

2

Chapter

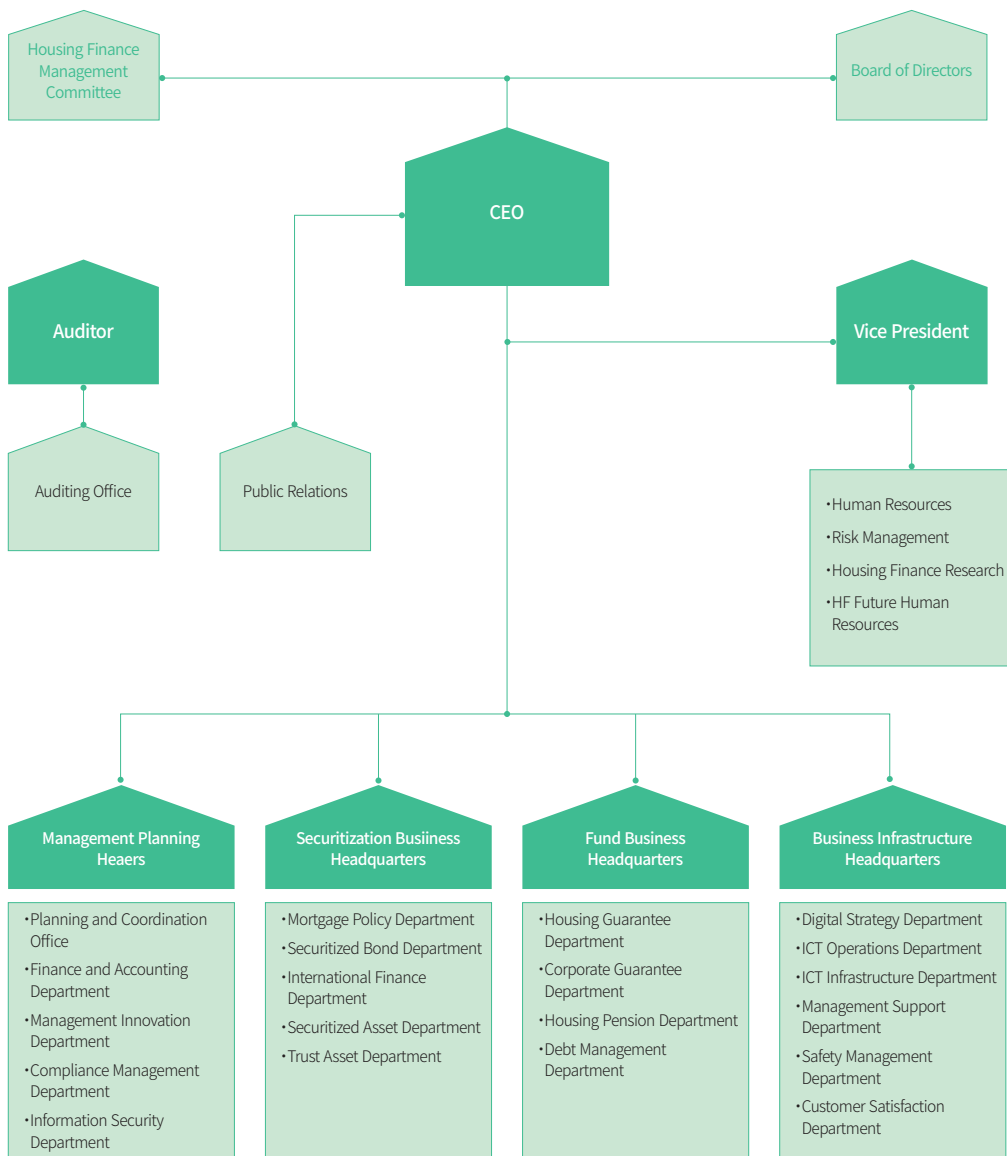
Organization

1. Organizational Chart
2. Headquarters and Branch Status

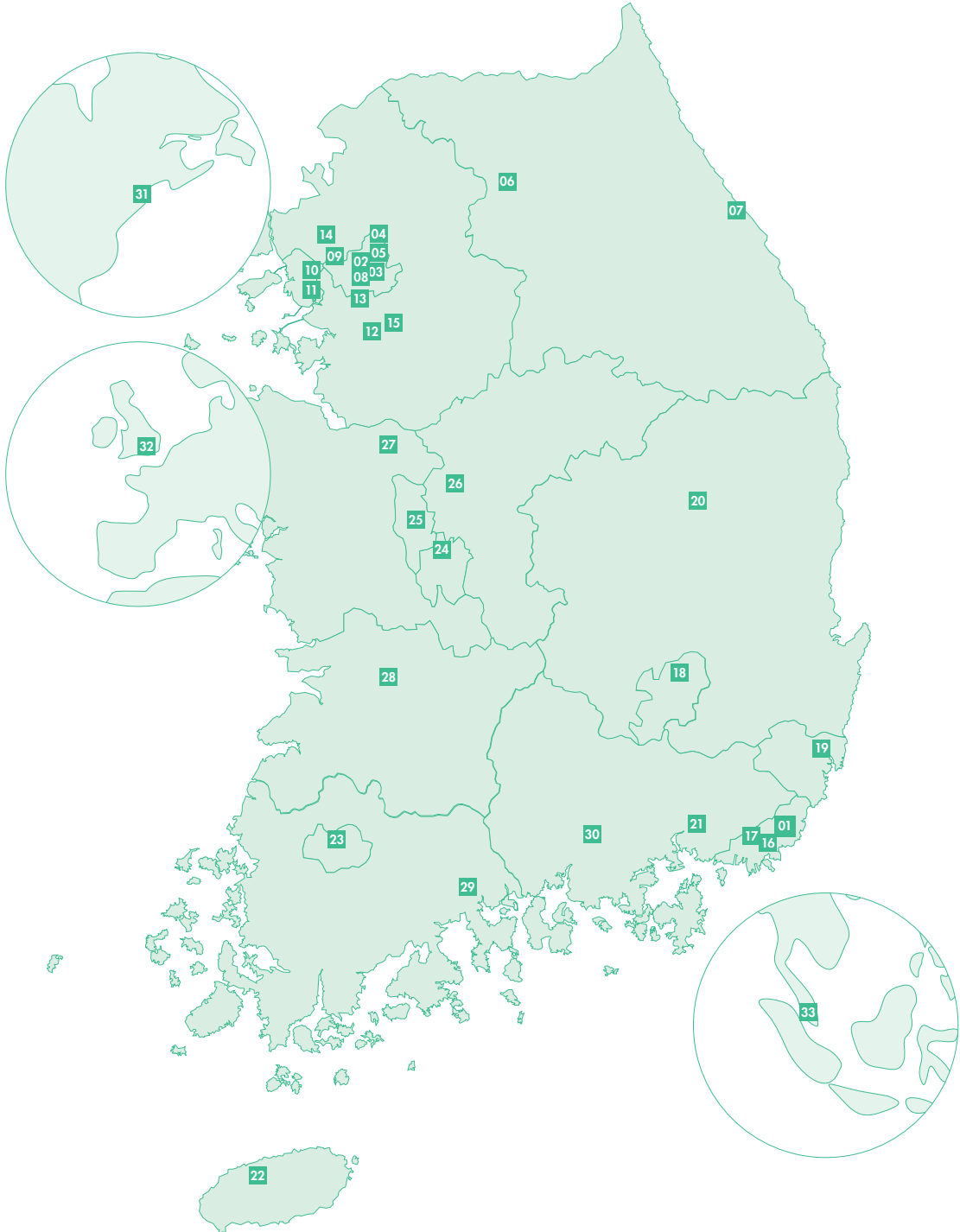
Korea Housing Finance Corporation has established an organizational structure that allows for flexible responses to the changing financial environment, focusing on strengthening expertise and organizational capacity. The corporation's headquarters consists of 4 divisions and 26 departments. All organizations actively

engage in business operations, enhancing productivity and efficiency while driving the business forward. Additionally, the corporation operates a total of 28 branches across the country within four regional headquarters: East and West Seoul, Southeast region, and Southwest region.

1. Organizational Chart



2. Headquarters and Branch Status



Category	Branches	Address
Headquarters	01. Headquarters	Korea Housing Finance Corporation, Busan International Finance Center, 40 Munhyeongeumyung-ro (Munhyeon-dong), Nam-gu, Busan
Branches	02. Seoul Central Branch	6th floor, 416 Hangang-daero, Jung-gu, Seoul (Namdaemun-ro 5-ga, Seoul Square)
	03. Seoul Southern Branch	Room 1801, 223 Teheran-ro, Gangnam-gu, Seoul (Yeoksam-dong, Keungil Tower Building, 18th floor)
	04. Seoul Northern Branch	10th floor, 1405 Dongil-ro, Nowon-gu, Seoul (Sanggye-dong, KB Financial Nowon Plaza)
	05. Seoul Eastern Branch	14th floor, 326 Wangsimni-ro, Seongdong-gu, Seoul (Doseon-dong, Seshin Building)
	06. Gangwon West Branch	4th floor, 2370 Gyeongchun-ro, Chuncheon-si, Gangwon-do (Onui-dong, Korea Teachers' Credit Union Gangwon Hall)
	07. Gangwon Eastern Branch	7th floor, 2806 Yulgok-ro, Gangneung-si, Gangwon-do (Okcheon-dong, Hanwha Life Insurance Building)
	08. Comprehensive Finance Center	6th floor, 416 Hangang-daero, Jung-gu, Seoul (Namdaemun-ro 5-ga, Seoul Square)
	09. Seoul West Branch	9th floor, 463 Gangseo-ro, Gangseo-gu, Seoul (Magok-dong, Sprout Tower)
	10. Incheon Branch	9th floor, 60 Bupyeong-daero, Bupyeong-gu, Incheon (Bupyeong-dong, 9th floor)
	11. Incheon Southern Branch	9th floor, 611 Inju-daero, Namdong-gu, Incheon (Guwol-dong, Samsung Life Insurance Guwol-dong Building)
	12. Gyeonggi Southern Branch	9th floor, 141 Gwongwang-ro, Gwonseon-gu, Suwon-si, Gyeonggi-do (Gwonseon-dong)
	13. Gyeonggi Central Branch	8th floor, 286, Simin-daero, Dongan-gu, Anyang-si, Gyeonggi-do (Gwanyang-dong, Songbaek Building)
	14. Gyeonggi Northern Branch	1066 Jungang-ro, Ilsandong-gu, Goyang-si, Gyeonggi-do (Baekseok-dong)
	15. Eastern Gyeonggi Branch	#609, #610, #611, #612, A-dong, 58-1 Giheung-ro, Giheung-gu, Yongin-si, Gyeonggi-do (Gugal-dong)
	16. Busan Branch	5th floor, 659 Jungang-daero, Busanjin-gu, Busan (Bujeon-dong, Hanwha Life Insurance Co., Ltd. Busan Building)
	17. West Busan Branch	Room 901, 9th floor, 76 Gwangjang-ro, Sasang-gu, Busan (Gwaebeop-dong, Songwon Center Building)
	18. Daegu Branch	22nd floor, 2095 Dalgubeol-daero, Jung-gu, Daegu (Deoksan-dong)
	19. Ulsan Branch	5th floor, 197 Samsan-ro, Nam-gu, Ulsan (Dal-dong, Deogyang Building)
	20. Gyeongbuk Branch	Room 301, 367, Gyeongbuk-daero, Andong-si, Gyeongsangbuk-do (Ok-dong, Sion Building)
	21. Gyeongnam Branch	6th floor, 107 Jungang-daero, Seongsan-gu, Changwon-si, Gyeongsangnam-do (Jungang-dong, Korea Teachers' Credit Union Gyeongnam Hall 6th floor)
	22. Jeju Branch	Room 601, 6th floor, 33 Yeonbuk-ro, Jeju-si, Jeju-do (Nohyeong-dong, KT&G Jeju Headquarters)
	23. Gwangju Branch	7th floor, 273 Uncheon-ro, Seo-gu, Gwangju (Chipyeong-dong)
	24. Daejeon Branch	15th floor, 745 Hanbat-daero, Seo-gu, Daejeon (Dunsan-dong)
	25. Sejong Branch	8th floor, 296 Hannuri-daero, Sejong Special Self-Governing City (Naseong-dong, Millennium)
	26. Chungbuk Branch	2nd floor, 172 Sajik-daero, Seowon-gu, Cheongju-si, Chungcheongbuk-do (Sachang-dong)
	27. Chungnam Branch	Room 202, 2nd floor, 215 Gwangjang-ro, Seobuk-gu, Cheonan-si, Chungcheongnam-do (Buldang-dong, North Chungcheong Chamber of Commerce)
	28. Jeonbuk Branch	12th floor, 29 Ongoeul-ro, Wansan-gu, Jeonju-si, Jeollabuk-do (Seosin-dong)
	29. Jeonnam Branch	#331, #302, Isu-ro, Suncheon-si, Jeollanam-do (Jorye-dong, Dongshin Building)
	30. Gyeongnam Branch Jinju Office	8th floor, 142 Enaro, Jinju-si, Gyeongsangnam-do (Chungmu-dong, Solaire Building)
	Overseas	31. New York Office
32. London office		4th floor, east office, 1-3 College Hill, London, UK, EC4R 2RA
33. Singapore Office		12 Marina Blvd, #17-36 MBFC Tower 3, Singapore 018982

Epilogue

What began on a warm summer day has now transitioned into preparations for the coming new year, as I complete the meaningful task of documenting the 20-year history of the Korea Housing Finance Corporation. The publication of “20 Years of Companionship: A Record of the Journey”—the Korea Housing Finance Corporation’s 20th Anniversary White Paper—represents an important opportunity to reflect on the Corporation’s achievements and growth over the past two decades. As we review the Corporation’s journey, this process has also provided a chance to envision its future role and direction in the housing finance sector.

Over the past 20 years, Korea Housing Finance Corporation has played a crucial role in enhancing housing finance stability and accessibility, introducing policies such as mortgage loans for homebuyers, guarantees for individuals and businesses to ensure housing stability, and reverse mortgages to support retirement security. While reviewing these milestones, we aimed to present the Corporation’s key projects and accomplishments in a thorough and impartial manner.

The first step in this endeavor involved creating a detailed timeline of the Corporation’s 20-year history and collecting relevant materials. The editorial task force (TF), consisting of researchers and representatives from each department, contributed immensely by gathering valuable resources and streamlining the review process. I am deeply grateful to the editorial team for their dedication and effort in producing this white paper alongside their regular responsibilities.

Rather than simply listing facts, we sought to illustrate the positive impact Korea Housing Finance Corporation has had on society and the economy. To achieve this, we included the perspectives of senior colleagues who have been with the Corporation since its inception and delved into archival photos and materials to present a multifaceted view of its history.

I also paid close attention to the design and layout of the white paper, selecting images that would resonate with readers and using engaging infographics to effectively convey the Corporation’s achievements and vision. The goal was to make Korea Housing Finance Corporation’s history more accessible and relatable while presenting its contributions in an impactful way.

Now that the compilation is complete, I feel immense pride in the collective efforts and collaboration that made this possible. This white paper not only celebrates the Corporation’s 20-year journey but also marks a pivotal moment in preparing for the next 20 years and beyond. I hope this publication serves as a cornerstone document, capturing both the legacy and future aspirations of Korea Housing Finance Corporation. I also hope it fosters a deeper appreciation of the Corporation’s value among all stakeholders.

In closing, I extend my heartfelt thanks to everyone who contributed to this project. With this epilogue, I conclude a meaningful chapter of reflection and anticipation for the future.

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20 Years of Companionship, A Record of the Journey

Korea Housing Finance Corporation 20th Anniversary White Paper Abridgement

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