

Information on Residential Mortgage Portfolios

According to OSFI's guideline *Residential mortgage underwriting practices and procedures*, KEB Hana Bank Canada (KHCANADA) provides information related to KHCANADA's residential mortgage portfolios for the purpose of promoting transparency, clarity and public confidence in the bank's residential mortgage underwriting practices.

Residential mortgages and home equity lines of credit (insured vs. uninsured)

The following table presents the amount and percentage of residential mortgages and home equity lines of credit that are insured versus uninsured and a breakdown by geographic region.

As at Dec. 31, 2015

(unit: thousand of Canadian dollars)

Region	Residential Mortgages				Home Equity Lines of Credit					
	Insured*		Uninsured	Total	Insured *		Uninsured	Total		
Ontario	0	0%	364,655	61.4%	364,655	0	0%	14,982	61.4%	14,982
British Columbia	0	0%	178,822	30.1%	178,822	0	0%	8,975	36.8%	8,975
Alberta	783	100%	50,256	8.5%	51,040	0	0%	463	1.9%	463
Other Provinces	0	-	0	-	0	0	-	-	-	0
Other Jurisdictions	0	-	0	-	0	0	-	0	-	0
Total	783	100%	593,733	100%	594,517	0	0%	24,420	100%	24,420

* Insured residential mortgages (home equity lines of credit) are mortgages whereby our exposure to default is mitigated by insurance through a private mortgage default insurer, Genworth Canada.

Residential mortgages portfolio by amortization period

The following table shows the percentage of residential mortgages that fall within various amortization period ranges.

As at Dec. 31, 2015

Remaining Term of Amortization

Amortization* period	≤ 15 years	> 15 years ≤ 20 years	> 20 years ≤ 25 years	> 25 years ≤ 30 years	Total
Canada	1.9%	2.0%	21.0%	75.2%	100%
Other Jurisdictions	No loan	No loan	No loan	No loan	-

* Remaining amortization is the difference between the contractual amortization and the time elapsed since origination.

Average LTV (Loan to Value) ratio for the newly originated and acquired uninsured residential mortgages and combined loans (RML + home equity lines of credit)

The following tables present a summary of our LTV ratio for the newly originated and acquired uninsured mortgages and combined loans by geographic region.

Loans issued or acquired for the period of Jan. 1, 2013 ~Dec. 31, 2015.

Region	Average LTV ratio					Total
	Ontario	British Columbia	Alberta	Other Provinces	Other Jurisdictions	
Uninsured Residential Mortgages *	67.4%	65.2%	67.4%	no loan	no loan	67.0%
Uninsured Combined Products **	66.3%	65.1%	66.6%	no loan	no loan	66.1%

Loans issued or acquired for the period of Jan. 1, 2015 ~ Dec. 31, 2015.

Region	Average LTV ratio					Total
	Ontario	British Columbia	Alberta	Other Provinces	Other Jurisdictions	
Uninsured Residential Mortgages *	66.8%	66.5%	67.3%	no loan	no loan	66.8%
Uninsured Combined Products **	65.6%	67.4%	66.6%	no loan	no loan	66.0%

* Residential Mortgages excludes residential mortgages with home equity lines of credit secured by the same property.

** Combined Products are comprised of both residential mortgages and home equity lines of credit secured by the same property.

Potential impact on residential mortgage loans in the event of an economic downturn.

We actively monitor and manage our residential mortgage portfolios to maintain balanced portfolio in terms of collateral type and location for a possible economic downturn.

We stress test our residential mortgage portfolios considering the factors that could affect our portfolios such as rising interest rates and a downturn in real estate market to determine the potential impact of economic downturn.

Our stress tests can use variables such as delinquency trends and housing price declines to estimate potential outcomes.

Our results show that in an economic downturn, our capital position should be sufficient to absorb residential mortgage and home equity lines of credit losses.