# Information on Residential Mortgage Portfolios

According to OSFI's guideline *Residential mortgage underwriting practices and procedures,* Korea Exchange Bank of Canada (KEBOC) provides information related to KEBOC'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 June 30, 2015* *(unit: thousand of Canadian dollars)*

| | Residential Mortgages | | | | | Home Equity Lines of Credit | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Region | Insured* | | Uninsured | | Total | Insured * | | Uninsured | | Total |
| Ontario | 0 | 0% | 345,226 | 62.9% | 345,226 | 0 | 0% | 13,373 | 68.9% | 13,373 |
| British Columbia | 0 | 0% | 158,900 | 29.0% | 158,900 | 0 | 0% | 5,596 | 28.8% | 5,596 |
| Alberta | 796 | 100% | 44,724 | 8.1% | 45,521 | 0 | 0% | 439 | 2.3% | 439 |
| Other Provinces | 0 | - | 0 | - | 0 | 0 | - | | - | 0 |
| Other Jurisdictions | 0 | - | 0 | - | 0 | 0 | - | 0 | - | 0 |
| Total | 796 | 100% | 548,851 | 100% | 549,647 | 0 | 0% | 19,409 | 100% | 19,409 |

* 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 June 30, 2015* **Remaining Term of Amortization**

| Amortization* period | ≤ 15 years | > 15 years<br>≤ 20 years | > 20 years<br>≤ 25 years | > 25 years<br>≤ 30 years | Total |
|---|---|---|---|---|---|
| Canada | 1.9% | 2.6% | 22.6% | 72.9% | 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 ~June. 30, 2015.*

| | Average LTV ratio | | | | | |
|---|---|---|---|---|---|---|
| Region | Ontario | British Columbia | Alberta | Other Provinces | Other Jurisdictions | Total |
| Uninsured Residential Mortgages * | 67.8% | 64.5% | 67.1% | no loan | no loan | 67.1% |
| Uninsured Combined Products ** | 66.8% | 63.9% | 66.7% | no loan | no loan | 66.2% |

*Loans issued or acquired for the period of Jan. 1, 2015 ~ June. 30, 2015.*

| | Average LTV ratio | | | | | |
|---|---|---|---|---|---|---|
| Region | Ontario | British Columbia | Alberta | Other Provinces | Other Jurisdictions | Total |
| Uninsured Residential Mortgages * | 67.6% | 66.4% | 67.1% | no loan | no loan | 67.2% |
| Uninsured Combined Products ** | 67.1% | 66.9% | 67.1% | no loan | no loan | 67.0% |

* 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.