

## Residential Mortgage Disclosure

For the first Quarter of 2013

▪ **RESIDENTIAL MORTGAGE FROM SHINHAN BANK CANADA**

Shinhan Bank Canada Mortgage Loans are available to purchase residential properties, refinance, or renovate existing residential properties.

Typically, a minimum of 20% of the purchase price or appraisal value is required for the down payment. In other words, a maximum of 80% of the purchase price or appraisal value, whichever is lower, can be borrowed from Shinhan Bank Canada. This particular type of mortgage is called a “Conventional Mortgage” and does not require mortgage insurance. Meanwhile, a “High Ratio Mortgage” refers to a mortgage in which the borrower has a down payment of less than 20% of the purchase value. A high ratio mortgage requires mortgage default insurance from CMHC or Genworth Canada etc.

**Currently, the Bank only provides Conventional Residential Mortgage Loans.**

For the greater transparency, clarity and public confidence in the Bank’s residential mortgage portfolio, the Bank prepared the Residential Mortgage Disclosure for the first quarter of 2013.

1. Total amount and Percentage of the total residential mortgage loan and HELOCs that is insured and uninsured

*(Unit: thousands of Canadian dollars)*

	<i>Insured</i>		<i>Uninsured</i>		<b>Total</b>	
Residential Mortgage	-	0%	97,591	100%	<b>97,591</b>	<b>100%</b>
Home Equity Line of Credit	-	0%	3,491	100%	<b>3,491</b>	<b>100%</b>

2. A geographic breakdown for the amount and percentage of the total residential mortgage loans and HELOCs that are insured versus uninsured

*(Unit: thousands of Canadian dollars)*

Province	<b>Residential Mortgage</b>					<b>Home Equity Line of Credit</b>				
	<b>Insured</b>		<b>Uninsured</b>		<b>Total</b>	<b>Insured</b>		<b>Uninsured</b>		<b>Total</b>
Ontario	-	0%	97,591	100%	<b>97,591</b>	-	100%	3,491	100%	<b>3,491</b>
BC	-	0%	-	0%	<b>0</b>	-	0%	-	0%	<b>0</b>
Alberta	-	0%	-	0%	<b>0</b>	-	0%	-	0%	<b>0</b>
<b>Total</b>	<b>0</b>	<b>0%</b>	<b>97,591</b>	<b>100%</b>	<b>97,591</b>	<b>0</b>	<b>100%</b>	<b>3,491</b>	<b>100%</b>	<b>3,491</b>

3. The percentage of residential mortgages that fall within various amortization period ranges

Remaining Amortization as at March 31, 2013

Amortization Period	1 -19 Years	20 -24 Years	25 -30 Years	More than 30 Years	Total
<b>Canada</b>	<b>1.99%</b>	<b>33.44%</b>	<b>64.57%</b>	<b>0%</b>	<b>100.00%</b>
Other Jurisdictions	-	-	-	-	-

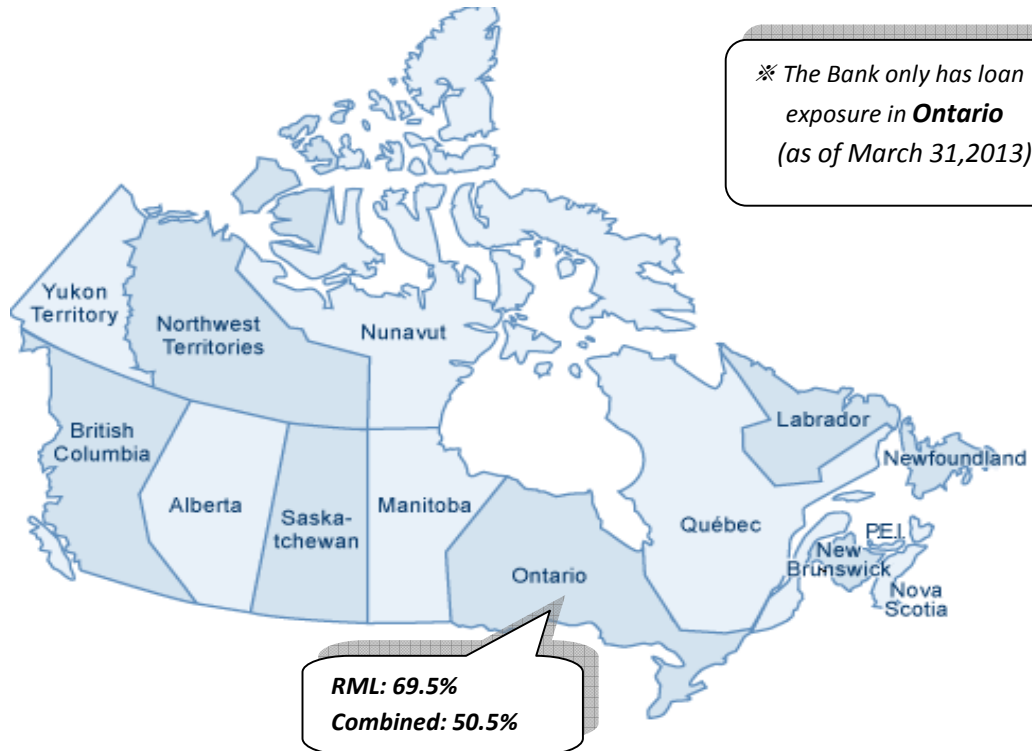
4. Average LTV ratio for the newly originated and acquired Residential Mortgage Loan and HELOC

LTV of Residential Mortgage and HELOC issued in the first quarter of 2013

Loan Type	Residential Mortgage LTV	Combined Loan LTV*
Average (%)	69.5%	50.5%

\* Combined Loan is the Residential Mortgage with HELOC both secured by the same residential property.

5. A geographical Break Down for the Average LTV



- THE POTENTIAL IMPACT ON RESIDENTIAL MORTGAGE LOANS AND HELOCS IN THE EVENT OF AN ECONOMIC DOWNTURN

Stress tests conducted on the Bank's assets revealed that the Bank's residential mortgage and HELOC portfolio would be able to survive the impact of a severe economic downturn.

	<b>From 1991 to 1996</b>
Maximum Drawdown in GTA house price	-30%

We used the early 1990's real estate market downturn as a benchmark of our scenario test. Due to the Bank's conservative Loan to Value coverage and stringent mortgage practice, the impact from the residential property value decline was insignificant.

In conclusion, severe decreases in property values can be absorbed by the current mortgage portfolio. In the event of a severe downturn, the Bank will operate in a more conservative manner in granting residential mortgage loans and HELOCs.