

Business Status

Major Management Index

The main management indices are as follows:

(Unit: 100 million yen)

Category	Housing Loan Corporation (based on assumed income statements of private companies in government cost accounts) GHLC			JHF	
	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Ordinary income	19,647	17,585	15,585	13,576	12,893
Include purchased loans and interest on loans	16,245	14,563	13,339	12,316	11,361
Include income from government subsidies (reference to government payment) (*2)	3,219 (553)	2,880 (430)	(*1) 822 (473)	(*1) – (865)	(*1) – (200)
Ordinary expenses	20,406	18,019	17,367	14,030	14,140
Interest expense on borrowings and bonds	18,612	15,910	13,628	11,658	10,350
Net income (△/loss)	△777	△425	△1,569	△146	△1,468
Balance of loans and purchased loans	11,914	20,474	27,817	32,863	40,540
Outstanding balance of loans, etc.	485,906	436,327	393,785	348,775	300,137
Outstanding balance of borrowings and bonds	516,173	469,852	422,842	388,667	362,714
Capital	2,237	2,537	3,197	4,057	9,013

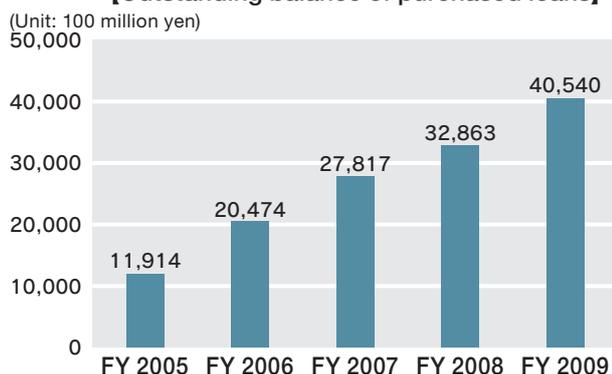
*1 While the JHF received government subsidies of 227.7 billion yen in FY 2007, 91.2 billion yen in FY 2008 and 111.4 billion yen in FY 2009 in the outstanding loan management account, the figure in the above table is reported in the profit and loss statement because of special accounting treatment with regard to the government subsidies as shown in the table below.

(Unit: 100 million yen)

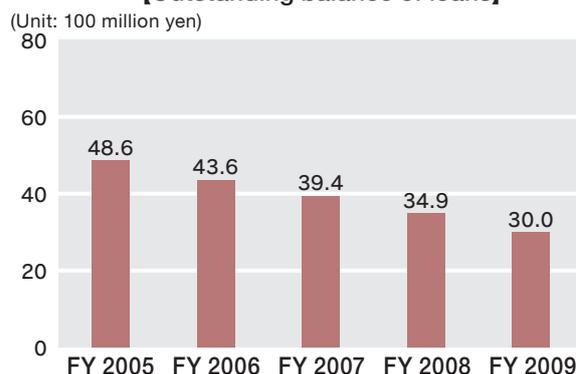
	FY 2007	FY 2008	FY 2009	Notes
Stocked subsidies from the previous year, etc.=①	–	667	66	
Subsidies received=②	2,277	912	1,114	
Required amount of subsidies				
Balance of payments=③ (disparity between expenditure and revenues excluding the amounts transferred to irrecoverable debt reserves and from guarantee fee repayment reserves)	822	△70	△366	If the balance of payments is positive ③ is included in the income from government subsidies (revenues), and ④ is subtracted from the uncollected revenue reserves (assets). If the balance of payment is negative ③ is not included in the income from government subsidies, ⑤ is subtracted from the uncollected revenue reserves (assets).
Amortized loans and repayment guarantee fees=④	788	1,584	1,520	
Total=⑤	1,610	1,514	1,154	
Balance (stocked subsidies for the current year, etc.)=①+②-⑤	667	66	26	Transferred to subsidies payable (liabilities)

*1 Government grants are not listed in the statement of profits and losses because special losses (asset) were cut.

[Outstanding balance of purchased loans]



[Outstanding balance of loans]



Situation of Risk-Monitored Loans

The JHF has, in spite of not being an organization subject to the Bank Law (Law no. 59 of 1981), disclosed risk-monitored loans since FY 1997, according to the standards of disclosure used by private financial institutions. As for risk-monitored loans of FY 2000 and later, the JHF has disclosed in accordance with standards formulated based on the results of internal rating.

Not all of the risk monitored loans result in the losses because these loans are covered by the first lien upon the property or equivalent collateral.

(Unit: 100 million yen, %)

Category	FY 2005			FY 2006			FY 2007			
	Outstanding loans* ¹	Purchased loans, etc.* ²	Total	Outstanding loans* ¹	Purchased loans, etc.* ²	Total	Outstanding loans* ¹	Purchased loans, etc.* ²	Claims.* ³	Total
Loans to borrowers in default (A)	2,536	5	2,541	2,639	8	2,647	2,562	20	432	3,014
Seriously delinquent loans (B)	7,663	14	7,677	7,871	28	7,899	9,105	66	2,165	11,335
Loans past due 3 months or more (C)	1,078	6	1,084	974	11	985	865	29	0	894
Sub-total (D) = (A) + (B) + (C)	11,277	26	11,303	11,484	47	11,531	12,531	115	2,597	15,243
Ratio (D) / (G) x 100	2.39	0.10	2.27	2.72	0.13	2.52	3.31	0.26	100	3.58
Loans under mitigation (E)	23,776	56	23,833	22,281	63	22,344	20,235	208	0	20,443
Total (F) = (A) + (B) + (C) + (E)	35,053	82	35,135	33,765	110	33,875	32,767	323	2,597	35,686
Ratio: (F) / (G) x 100	7.43	0.32	7.06	8.00	0.32	7.42	8.65	0.72	100	8.37
Outstanding principal balance of loans (G)	471,857	25,963	497,820	421,945	34,856	456,801	378,949	44,772	2,597	426,318

(Unit: 100 million yen, %)

Category	FY 2008				FY 2009			
	Outstanding loans* ¹	Purchased loans, etc.* ²	Claims.* ³	Total	Outstanding loans* ¹	Purchased loans, etc.* ²	Claims.* ³	Total
Loans to borrowers in default (A)	2,163	38	252	2,453	1,980	65	210	2,256
Seriously delinquent loans (B)	8,362	138	1,444	9,944	8,054	251	999	9,304
Loans past due 3 months or more (C)	1,091	59	0	1,149	1,436	169	0	1,605
Sub-total (D) = (A) + (B) + (C)	11,616	235	1,696	13,547	11,471	485	1,209	13,165
Ratio (D) / (G) x 100	3.49	0.47	100	3.52	4.05	0.82	100	3.83
Loans under mitigation (E)	17,456	216	0	17,672	15,677	332	0	16,009
Total (F) = (A) + (B) + (C) + (E)	29,072	451	1,696	31,218	27,148	817	1,209	29,174
Ratio: (F) / (G) x 100	8.73	0.89	100	8.10	9.59	1.38	100	8.49
Outstanding principal balance of loans (G)	332,983	50,543	1,696	385,221	283,175	59,143	1,209	343,527

*1 "Outstanding loans" refers to loans approved during and before fiscal 2004, excluding loans extended in the property accumulation residence fund loan system.

*2 "Purchased loans, etc." refers to purchased loans and those loans that do not fall in the category of "outstanding loans."

*3 "Claims" refers to loans acquired by JHF on April 1, 2007, when it took over the rights and obligations from the defunct Housing Loan Guarantee Association.

[Loans under mitigation]

In the case where various reasons including changes in living environment and large-scale natural disasters such as the Great Hanshin Awaji Earthquake prevent persons who have acquired their house with our loan program from repaying their loans permanently or temporarily, the JHF encourages their repayment by providing consultation services for loan repayment and restructuring loans based on the circumstances of each case so that such persons can continue to live in their homes, a basic necessity of human life, for as long as possible.

For persons experiencing difficulty with repayment of loans due to their company's bankruptcy or other reasons, JHF has also prepared preferential measures according to the Cabinet decision of October 1998 and offers restructuring of loan terms corresponding to the government measures.

The modified loans account for approximately 55% of loans on the watch-list. This is, however, the result from an effort to achieve the above policy goal through modifications. In addition, as the default ratio on the modified loans is lower than that of other loans on the watch-list, it is unlikely that they cause a rapid increase of non-performing loans.

The JHF allows modification to repayment terms so that borrowers can continue to occupy their homes for as long as possible, and hence strives to maintain and improve our financial soundness.