



住宅金融支援機構

Japan Housing Finance Agency

(Former GHLC)

Disclosure Booklet
2011

2011
Disclosure

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1. This Booklet is a disclosure material (explanatory material related to the operational and financial situations) prepared based on the "Law related to public disclosure of information held by incorporated administrative agencies" (Law No. 140, 2001).

2 Explanatory notes

(1) Rounding of figures

Amounts are rounded to the nearest unit. Percentages (%) are rounded off at the second decimal point in principle. Components do not sum to the totals because of rounding.

(2) Indication method

Items with values less than a unit are indicated as "0" while items with no statistical figures are indicated as "-".

3. Information on JHF, including those in this booklet, is available on its website (<http://www.jhf.go.jp>).

4. If there is any material difference between Japanese original version and this English translation, the Japanese original version shall prevail.

Message from the President



First of all, I would like to express my deepest condolence and sympathies to everyone affected by the Great East Japan Earthquake on March 11, 2011.

With the passing of the government's first FY 2011 supplementary budget, JHF has expanded its direct loan origination program for disaster mitigation to reconstruction and repair houses and our loan modification programs for affected borrowers. JHF endeavors to be of assistance to disaster victims so they may recover their lives as quickly as possible, and we will continue to work closely with the Japanese government and through the cooperation with local government units and accredited financial institutions to this end.

JHF was established in April 2007 and is currently in its fifth fiscal year of operation. This year is also the final year for achieving the objectives set by the relevant ministers in JHF's 1st (FY 2007–FY 2011) medium-term plan.

JHF has dual mandates as an Incorporated Administrative Agency. The first is to originate housing loans and other financing support deemed important under government policy, such as the aforementioned loans for disaster mitigation, in sectors that private financial institutions would find it hard to address. The second is to provide liquidity to mortgage market with variety of product types for borrowers. We raise our funding from investors in capital market by issuing mortgage backed securities (MBS) to purchase "Flat 35" (Fixed-rate mortgage with maturity up to 35 years) from private financial institutions.

The outstanding balance of Flat 35 amounts 6.5 trillion yen and JHF had issued more than 13 trillion yen in MBS in total as of March 31, 2011.

In FY2009, JHF recorded positive net income excluding the outstanding loan management account (legacy assets inherited from GHLC, except for those from defunct Housing Loan Guarantee Association), which was one of the important goals in the medium-term plan, although we were unable to meet the goal in FY 2010 due to the effects of the Great East Japan Earthquake. The situation is improving, and we are committed to continuing our efforts to improve annual balances in view of the abolishment of government subsidies.

The housing market in Japan faced difficulties after the collapse of Lehman Brothers. However, economic stimulus packages by the Government of Japan such as expanding the range of interest-rate reductions for "Flat 35S" loans (the support scheme to facilitate for acquiring high-quality housing) proved effective, with new housing starts in FY 2010 accounted 819,020 units, a 5.6% increase from the previous fiscal year. Although the influence of the Great East Japan Earthquake is unavoidable, we reaffirmed our mandates in supporting the latent growth potential in Japanese housing market from a financial perspective, and will steadily implement our business.

We would also like to contribute to improving the quality of housing in Japan and improve citizens' lives by encouraging the acquisition of earthquake-resistant, energy efficient or other types of high-quality housing through programs such as "Flat 35S". Additionally, as part of our response to Act Concerning Temporary Measures to Facilitate Financing for SMEs, etc., we are also providing an additional level of attention in our consultations to borrowers regarding terms of payments.

The Board of Directors and our employees will continue to work closely to meet the expectations of customers, accredited financial institutions and housing-related companies with enhanced compliance with laws and regulations.

We look forward to your guidance and encouragement.

July 2011

Shinya Shishido

President

Incorporated Administrative Agency
Japan Housing Finance Agency

Establishment: April 1, 2007

Mission: JHF shall provide liquidity to housing market by secondary market operation, purchasing mortgages originated by private lenders and securitizing those loans into MBS. JHF shall also provide information to public to enhance financial literacy and knowledge on good quality houses that meet the changing environment regarding living standard of Japanese people. JHF shall also provide liquidity to housing market by direct loan origination as well, for such areas which are difficult for private financial institutions to handle as disaster mitigation. JHF is committed to improve the safety and soundness of the living of Japanese people and thus enhance the social welfare.

Capital: 656.663 billion yen (estimation for the end of FY 2011*, fully paid in by the government)

* Includes 51.9 billion yen of capital returned to the national treasury as part of the Basic Policies for Reviewing the Clerical and Business Operations of Incorporated Administrative Agencies (approved by the Cabinet on December 7, 2010) and reflects the original budget for FY 2011.

Number of directors and employees: 933 (as of April 1, 2011)

Operations: securitization, housing loan insurance service, loan origination

Offices: Head Office: 1-4-10, Koraku, Bunkyo-ku, Tokyo, 112-8570

Branches: 11 branches in major cities nationwide

Size of mortgage portfolio

31.9262 trillion yen (as of March 31, 2011)

of which 6.4372 trillion yen represents mortgages purchased through secondary market operation and 25.3473 trillion yen represents loans originated by GHLC and JHF



Logo concept

Pillars supporting a roof are represented by the letters J, H and F. The line representing the ground is intended to create an uplifting feeling, and the sphere symbolizes security and expanse. The green color represents growth and vitality. The logo symbolizes the fusion between the JHF and the world of housing.

* JHF is an abbreviation of Japan Housing Finance Agency.



**Based on independent,
transparent and efficient management,
and in pursuit of the creation of customer value,
we will provide various kinds of financial services to supply
liquidity in the housing finance market,
thus contributing to the improvement of housing in our country.**

