

Overview of JHF

JHF Profile

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 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: 700.686 billion yen (estimation for the end of FY 2013*, fully paid in by the Government of Japan)

* Includes 84 million yen of capital returned to the national treasury and reflects the original budget for FY 2013.

Number of directors and employees: 921 (as of April 1, 2013)

Operations: securitization, housing loan insurance service, loan origination (etc.)

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

Branches: 11 branches in major cities nationwide

Size of mortgage portfolio: 28.1594 trillion yen (as of March 31, 2013) of which 9.9827 trillion yen represents mortgages purchased through secondary market operation and 18.714 trillion yen represents loans originated by GHLC and JHF



Business Summary

JHF focuses on the securitization support business to support the provision of long-term fixed-rate housing loans by private financial institutions, but also provides a housing loan insurance service to promote the smooth provision of private housing loans and provides a loan origination service in areas that are important in terms of policy and difficult for the private sector to handle.

Through these services, JHF smoothly and efficiently supplies housing loans necessary for the construction of houses to support people's lives.

1 Securitization support business (provision of Flat 35)

Support for private financial institutions to supply long-term fixed rate housing loans through the following programs:

* JHF purchases and securitizes long-term fixed-rate housing loans from private financial institutions (Flat 35 (Purchase Program))

* JHF insures long-term fixed-rate housing loans securitized by private financial institutions, and guarantees interest and principal payment of bonds for investors. (Flat 35 (Guarantee Program))

(Refer to page 29)

2 Housing loan insurance service

JHF supports the smooth supply of housing loans originated by private financial institutions with insurance money paid to those institutions based on the insurance policies concluded beforehand if those housing loans should default due to unexpected situations.

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3 Loan origination service (loans for recovery from disasters, etc.)

JHF supplies long-term fixed rate housing loans in areas that are important in terms of policy but difficult for the private sector to handle, such as housing development (urban development).

(Refer to page 35)

4 Operation of group credit life insurance

This insurance system provides security for borrowers of Flat 35 (Purchase Program) or JHF loans. If the borrowers who have joined this system should die or incur a serious disability, etc., the outstanding loan balance is offset by the insurance, etc. paid by life insurance companies, etc.

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5 Promotion of quality housing

JHF helps improve living quality using its own technical criteria for housing, which are set as one of the requirements for Flat 35 and JHF loans.

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6 Management of outstanding loans

JHF appropriately manages outstanding loans through its fine and careful response, such as revising the terms of loan repayment for borrowers who have difficulty in making mortgage repayments to reduce the number of delinquent loans.

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7 Research and surveys on housing finance

JHF conducts research and surveys etc. on domestic and overseas housing finance markets.

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	Results of FY 2012	Initial plan for FY 2013
Securitization support business (Provision of Flat 35)	Purchase Program: 2,184.3 billion yen (84,345 houses) Guarantee Program: 5.2 billion yen (222 houses)	Purchase Program: 1,506.9 billion yen (64,000 houses) Guarantee Program: 47.1 billion yen (2,000 houses)
Housing loan insurance service	Insurance contracts: 207 institutions, 334.6 billion yen Insurance effected: 25,519 cases, 255.1 billion yen Insurance continuing: 124,915 cases, 2,370.6 billion yen	Limit of insurance contracts: 284.9 billion yen
Loan origination service	148 billion yen (15,615 houses)	437.1 billion yen (31,610 houses)

Management concept

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.



Management Policy

I Goal of JHF

● Mission of Japan Housing Finance Agency

·The most significant mission of the Japan Housing Finance agency (“JHF”) is to support private financial institutions including mortgage banks with securitization (Flat 35) and other line of business so that housing loans suitable for each customer’s lifelong plan can be supplied stably and efficiently throughout Japan.

● Establishment of independent operations

·In order to accomplish the aforementioned mission, JHF will focus its managerial resources on Flat 35 at first to achieve the targeted business goal for the purpose of establishing its presence in the housing finance market as soon as possible, which will lead to the establishment of independent and stable operations of JHF.

● Compliance and execution of social responsibility

·JHF will fulfill its social responsibilities through the organizational commitment and self-motivated actions of each employee while broadening its scope from compliance to sound business judgment and contribution to society.

II Management Policy for JHF

1. Basic concept of reform

● Improvement of productivity

- JHF will fundamentally review its business by BPR (Business Process Reengineering) to achieve efficient business operation through increased productivity.
- JHF will stably implement the business improvement project, and will make a commitment to cost reduction by reforming information systems, etc.

● Creation of customer value

- JHF will pursue customers’ satisfaction, considering their needs at all times. Thus, while putting priority on ultimate borrowers, it will promptly provide the most appropriate services to satisfy middle users (those involved in housing businesses) and private financial institutions including mortgage banks.

● Change of corporate culture

- Each employee will take the initiative in accomplishing the management concept, considering what he/she can do for customers at all times. JHF will change its traditional passive corporate culture to positive and active one.

2. Strategic implementation of business

● Securitization business

- JHF will focus its managerial resources on Flat 35, and will accomplish its business goals through rapid improvement of products and procedures, strengthening the sales staff, etc., to stabilize its business. JHF will not only make efforts to develop the MBS market in cooperation with market players but also makes a commitment to explore new areas such as new methods of issuing MBS.

● Loan appraisal/credit risk management

- JHF will not only strengthen its capacity for credit appraisal and credit risk management of outstanding loans to reduce delinquent loans, but also implement effective and efficient management/collection for nonperforming loans.

● Ancillary businesses for policy measures

- JHF will promote information-providing services, making use of the know-how it has long fostered, for the purpose of giving confidence in housing through the proactive provision of a wide range of useful information on housing for customers.
- For housing loan insurance services and other loan businesses including loans for recovery from disasters, rental housing and workers’ property accumulation savings scheme-tied housing, JHF will strengthen the productivity of each business, build and implement a system for effective operation in order to make use of the features of each product in the businesses and meet the needs of customers.

3. Capability building on management resources

● Development of a business management system

- In order to establish independent operation, JHF will enhance its functions for planning business strategy, controlling the distribution of managerial resources and other activities, and will also realize a business management system for organization management, including PLAN·DO·CHECK·ACTION.

● Strategic distribution of managerial resources

- JHF will realize strategic distribution of managerial resources to reflect the actual situation of the market, productivity, etc., by developing a scheme for goal setting and performance assessment of each business segment.

● Appropriate risk management

- In order to secure the soundness and transparency of business operations, JHF will implement not only the management of credit risk, interest volatility risk, etc., appropriately but also the positive disclosure of business information.

4. Reform of human resources development

● Development of human resources

- JHF will realize the basic concept of reform (improvement of productivity, creation of customer value, and change of corporate culture), and foster human resources that are professionals in housing finance including securitization and credit risk management. Furthermore, each staff member will make a commitment to enhance his/her own knowledge and skills.

● Emphasis on ability and performance

- JHF will improve the performance of the organization by increasing the productivity of each person. In order to accomplish this, the evaluation for promotion and salary shall place greater emphasis on ability and performance. JHF will develop a workplace where staff can make full use of their capabilities so they may feel their lives are rewarding and gain a sense of accomplishment.