

# Japan Housing Finance Agency (“JHF”) and JHF Green Bond issuance

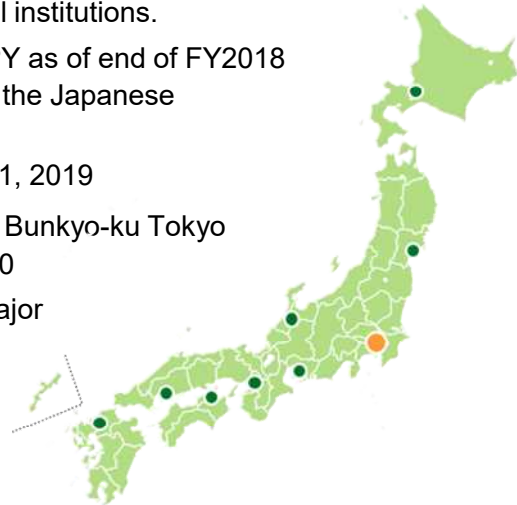
September 2019



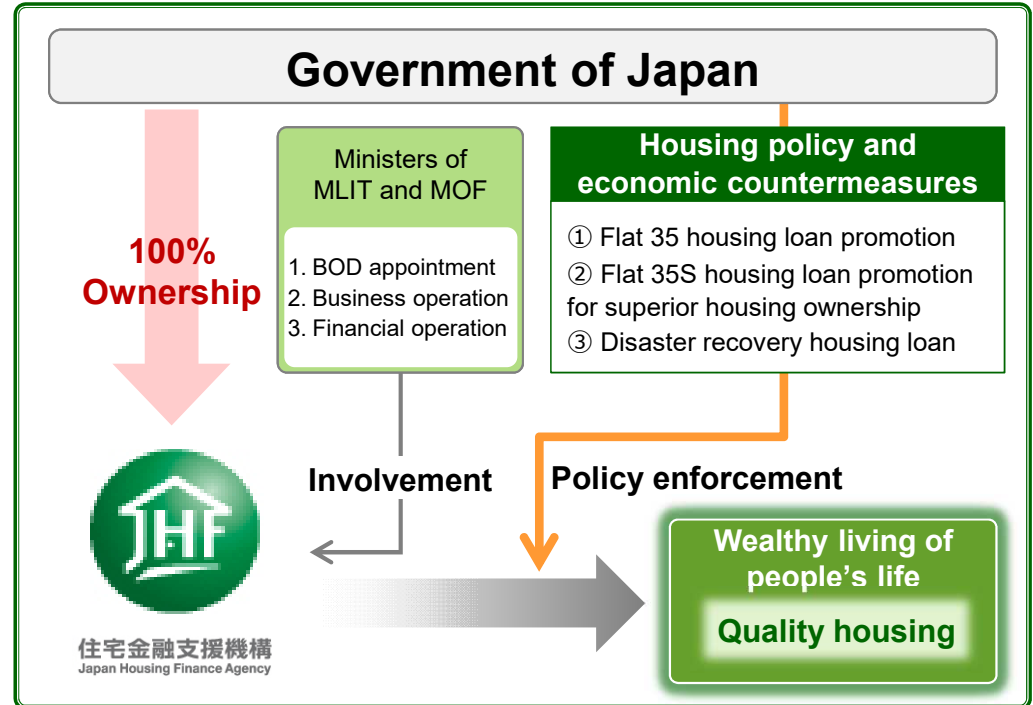
# Overview of JHF

## Business Overview

- **Name** Independent Administrative Agency  
Japan Housing Finance Agency (“JHF”)
- **Establishment** April 1, 2007  
Former-GHLC was established in 1950
- **President** Toshio Kato
- **Mission** JHF strives to provide smooth and efficient provision of funds necessary for constructing houses and thus contributes to stable living and enhanced social welfare of the Japanese citizens by purchasing mortgages to assist lending of funds necessary for constructing houses provided by private financial institutions and lending funds required for constructing buildings for disaster recovery to supplement lending by private financial institutions.
- **Capital** 701.4 billion JPY as of end of FY2018  
100% owed by the Japanese Government
- **Employees** 882 as of April 1, 2019
- **Head office** 1-4-10 Koraku, Bunkyo-ku Tokyo  
Japan 112-8570
- **Branches** Located in 8 major cities in Japan
- **Purchased and other loans** 23,486.5 billion JPY outstanding as of FY2018 end



## Integrity with the government and its policies



Contribute to improvement of residential life within Japan

Contribute to stable living of people's life and enhancement of social welfare

Smoothly and effectively provide financing for housing construction, the foundation of people's residential life

# “Flat 35” and “Flat 35”S housing loans for quality housing

## JHF provides long-term fixed rate housing loan Collaborating with private financial institutions

ずっと固定金利の安心  
【フラット35】

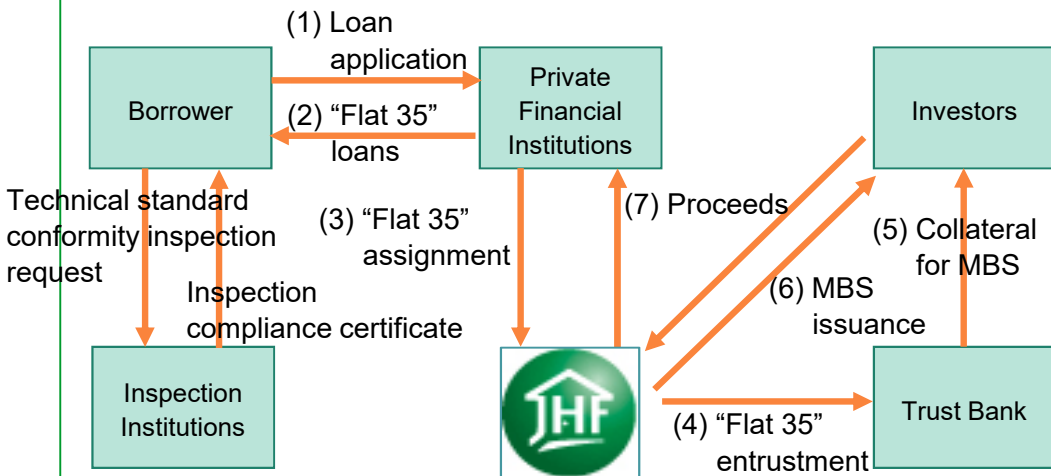


- “Flat 35” housing loan is a long-term fixed rate housing loan that repayment amount and interest rate are fixed at the time of borrowing
- Fixed interest rate leads to security that supports borrower’s life plan and ownership of personal housing

## “Flat 35”S to promote and enhance ownership of high quality housing

- “Flat 35”S is a discounted interest rate applied “Flat 35” housing loan that is eligible to houses having high energy efficiency and/or earthquake resilience and other high performance features
- JHF provides “Flat 35”S to promote and enhance home ownership of high quality housing

### “Flat 35” securitization scheme



### Four performance features applicable for “Flat 35”S housing loan

#### High energy efficiency



- Heat insulation fully installed
- Double glazed windows and other energy saving features

#### High earthquake resilience



- Secure wall balance and placement
- Enhanced joints
- Enhanced housing foundation

#### High barrier free accessibility



- Less steps
- Handrail installment
- Secure wider pathways and other features

#### High durability and flexibility



- Anti-decay and anti-termite features
- Attic and under floor ventilations and others

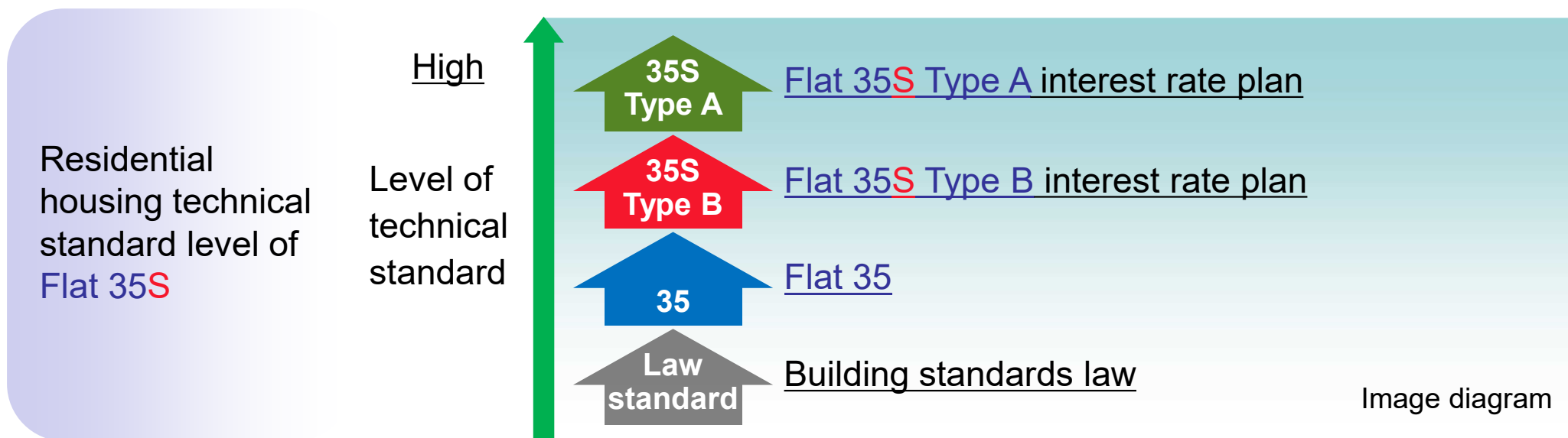
# Interest rate reduction applied to “Flat 35”S

Interest rate reduction applicable for loan applied before March 31, 2020

Interest rate reduction plan	Interest rate reduction period	Interest rate reduction amount
Flat 35S Type A interest rate plan	Initial 10 years	0.25% reduction from Flat 35 interest rate*
Flat 35S Type B interest rate plan	Initial 5 years	

Budgetary ceiling applies to availability of Flat 35S, therefore, the above offering may end prior to March 31, 2020

\* As of September 2019, lowest Flat 35 interest rate was 1.11% applicable to loans having tenor between 21 and 35 years and maximum LTV of 90%. Flat 35 interest rate depends on Flat 35 originators.



# JHF Green Bond

- JHF became the first Green Bond issuer in Japan to issue a straight bond purposed to finance the purchase of green housing loans



## About the issuance of JHF Green Bond

### Purpose and meaning

Proliferate awareness of JHF's activity of promoting energy efficient housing and contribute to further promotion of better quality housing, as JHF being a policy implementation agency.

- JHF Green Bond is issued to finance JHF's purchase of Flat 35S those: fulfilling the energy saving technical standard:, and applied to newly built houses
- Ministry of Environment (MOE) selected JHF Green Bond as a model case for "FY2018 business model of Green Bond issuance" which ensures the conformity of 2017 Green Bond Guideline set by MOE
- JHF was awarded the Japan Green Bond Award under the Japan Green Innovation Category from MOE on March 1, 2019

### Technical standard of Flat 35S applicable to JHF Green Bond

Flat 35S		Technical standards
<b>High energy efficiency</b> 	Type A plan	Certified low carbon housing
	Type B plan	Performance to-be-improved certified housing
<b>High durability and flexibility</b> 	Type A plan	Primary energy consumption level 5
		Primary energy consumption level 4+
		Thermal insulation performance level 4
		Long-term High Quality Housing*
		*Fulfillment of thermal insulation performance level 4 is required to receive this certification.

# JHF Green Bond issuance

## Past issuance of JHF Green Bonds (GB)

Straight Bond	#255	#269	#271
Tenor	20 years	20 years	10 years
Amount	10 billion JPY	10 billion JPY	20 billion JPY
Coupon	0.548%	0.273%	0.055%*
JGB spread	5.5bp	6.0bp	N/A*
Pricing date	Jan.11, 2019	July 9, 2019	Sep. 10, 2019

\* #271 coupon 0.055% is a floor coupon. Therefore, JGB spread is not indicated.



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Japan Housing Finance Agency

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