



NEWS RELEASE

May 16, 2022

【Assignment of a Rating (Preliminary)】

Japan Housing Finance Agency

Japan Housing Finance Agency Secured Pass-through Bonds No.181: AAA

Rating and Investment Information, Inc. (R&I) has announced the following preliminary rating.

It should be noted that the rating is a preliminary rating, and R&I will conduct a final review of various points, including the content of agreements entered into, and issue its formal rating.

1. OUTLINE OF THE ISSUE

The rating is for the Secured Pass-through Bonds (JHF MBS) issued by Japan Housing Finance Agency (JHF).

2. CREDIT RATING

INSTRUMENT NAME	Japan Housing Finance Agency Secured Pass-through Bonds No.181
RATING ACTION	Assignment of a rating
R&I RATING(Prelim)	Long-term Issue Rating / AAA
NOTE	The rating is an assessment of the probability that the principal of JHF MBS or Trust Beneficial Interest (in the event JHF MBS is extinguished) will be fully redeemed by the maturity date and the interest/trust interest will be paid timely.(*)

* The press release to be issued for a formal rating will state whether the level of credit enhancement is sufficient for the AAA level stress resilience of mortgage collateral.

3. ABOUT INSTRUMENT

ISSUER	Japan Housing Finance Agency	UNDERLYING ASSET	Entrusted mortgage loans
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INSTRUMENT NAME	AMOUNT (CURRENCY)	Credit Enhancement Ratio	Date of Issue Sched. Maturity Legal Maturity	Redemption Method	Coupon Type/Rate
Japan Housing Finance Agency Secured Pass-through Bonds No.181	To be determined so that the amount will meet the condition of the credit enhancement ratio of 20.4% or higher (147.0 bn. yen or lower)(JPY)	20.4%	May 27, 2022 — Jun 10, 2057	—	Fixed —

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Credit ratings are R&I's opinions on an issuer's general capacity to fulfill its financial obligations and the certainty of the fulfillment of its individual obligations as promised (creditworthiness) and are not statements of fact. Further, R&I does not state its opinions about any risks other than credit risk, give advice regarding investment decisions or financial matters, or endorse the merits of any investment. R&I does not undertake any independent verification of the accuracy or other aspects of the related information when issuing a credit rating and makes no related representations or warranties. R&I is not liable in any way for any damage arising in relation to credit ratings (including amendment or withdrawal thereof). As a general rule, R&I issues a credit rating for a fee paid by the issuer. For details, please refer to <https://www.r-i.co.jp/en/docs/policy/site.html>.

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4. DETAILS ON LOSSES, CASH FLOW AND SENSITIVITY ANALYSIS

CREDIT ENHANCEMENT: Overcollateralization
LIQUIDITY ENHANCEMENT: None

Based on figures retrieved from historical data of JHF and cash flow of the given issue, R&I assumes a cumulative default rate of approximately 10% for a normal default scenario. Note that the level of the cumulative default rate is estimated by R&I based on the definitions of the default rate, etc. on individual issues. The cumulative default rate is not intended for comparisons with the credit-loss rate, the delinquency rate and other indicators, and as such, comparisons of these indicators are not necessarily appropriate.

JHF MBS is backed by mortgage loan receivables entrusted under an alternative beneficiary trust (Taeki Shintaku). Because JHF is the issuer of JHF MBS, any downgrade of JHF's Issuer Rating prior to the time when beneficial interests are exercised could result in a downgrade of the rating for JHF MBS. Nevertheless, because sufficient overcollateralization has been set, and the Corporate Rehabilitation Law, which would greatly limit JHF's ability to dispose of assets, does not apply to JHF, the rating for JHF MBS may be higher than the Issuer Rating for JHF itself. Therefore, the rating of JHF MBS will have a certain level of risk resilience even if the Issuer Rating of JHF deteriorates in the future.

5. RATING METHODOLOGY

The primary rating methodologies applied to this rating are:

Announced in	TITLE
April 2020	Chapter 1: General
April 2020	Chapter 2: Particulars: Risks regarding structure
April 2020	Chapter 3: Particulars: Risks regarding underlying assets Subchapter 4: Japan Housing Finance Agency MBS
April 2020	Chapter 4: Particulars: Cash flow risk Subchapter 1: Analysis method for monetary receivables, etc. (Large pool approach) Subchapter 6: Analysis method using cash flow test Subchapter 7: Analysis method based on credit ratings of underlying assets and parties involved in the structure

The above rating methodologies are available at R&I's website:

https://www.r-i.co.jp/en/rating/about/rating_method.html
https://www.r-i.co.jp/rating/about/rating_method.html