



# NEWS RELEASE

Jun 28, 2024

## 【Assignment of a Rating (Formal)】

### Japan Housing Finance Agency

Japan Housing Finance Agency Secured Pass-through Bonds No.206: AAA

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

A preliminary rating was announced on Jun 17, 2024. The coupon rate and other terms and conditions have been set and thereby the preliminary rating is converted to a 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.206
RATING ACTION	Assignment of a rating
R&I RATING	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. (*)

\* R&I has confirmed that the level of credit enhancement is sufficient for the AAA level stress resilience of mortgage collateral. Details are provided in 4. RATIONALE (2) 2) of the additional report for the preliminary rating.

#### 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 Scheduled Maturity Legal Maturity	Redemption Method	Coupon Type/Rate
Japan Housing Finance Agency Secured Pass-through Bonds No.206	47.1 bn. (JPY)	22.9%	Jun 28, 2024 — Jul 10, 2059	—	Fixed 1.28%

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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 8% 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
November 2022	Chapter 1: General
November 2022	Chapter 2: Particulars: Risks regarding structure
November 2022	Chapter 3: Particulars: Risks regarding underlying assets Subchapter 4: Japan Housing Finance Agency MBS
November 2022	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/en/rating/about/rating_method.html)  
[https://www.r-i.co.jp/rating/about/rating\\_method.html](https://www.r-i.co.jp/rating/about/rating_method.html)

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