

Message from the President

We would like appreciate your continued interest.

First of all, I would like to express my deepest condolences and sympathy to everyone affected by the Great East Japan Earthquake of March 11, 2011. The Japan Housing Finance Agency (JHF) supports their housing reconstruction by providing its direct loan origination program for disaster relief and consultations on loan modification. In this fiscal year, JHF has established a new office within the Tohoku Branch to assist in the reconstruction of the Tohoku region, strengthening its support system. Now and in the future, we will continue to work closely with the Japanese government, local governments and regional financial institutions to financially support the reconstruction of the affected areas.

JHF was established in April 2007 and is currently in the first year of its second mid-term target period (FY 2012 – FY2016) as an incorporated administrative agency.

JHF's main business has changed greatly from that of the Government Housing Loan Corporation (GHLC), which JHF used to be, and today we focus on securitization, in which we use funds raised from the capital market to support the provision of Flat 35 (long-term fixed-rate housing loans) by private financial institutions. JHF has also worked on organizational reform since its inception, striving to be a productive and efficient body. Fortunately, as of the end of FY 2011, the outstanding balance of Flat 35 exceeded 8 trillion yen, and the total issuance of MBS (mortgage backed securities) as the major funding source amounted to 15 trillion yen.

In FY 2011, JHF turned a single-year surplus for the accounts excluding the outstanding loan management account (except for those from the defunct Housing Loan Guarantee Association), which was one of the key goals of the first mid-term target period (FY 2007 – FY 2011), and government subsidies were abolished.

In the second mid-term target period, JHF will continue to implement its securitization business by further improving the product features of Flat 35 and funding methods such as MBS, and will provide direct financing in important areas in terms of policy, such as a loan program for serviced rental housing for the elderly, while considering JHF's role contrasted with those of the private sector. Through these activities, JHF aims to eliminate its accumulated deficit by the last year of the second period. Also, JHF will continue to strengthen its internal control by ensuring compliance and enhancing the risk management structure and will continue to streamline the business operations.

Through the housing loan business, JHF is determined to pursue improved housing quality and higher living standards for the people of Japan, and will contribute to a new stage of growth for the Japanese economy and further to a better global environment. We will strive more to meet the expectations of customers using housing loans, affiliated financial institutions and housing-related companies.

We highly appreciate your support for our business.

July 2012

Shinya Shishido

President

Incorporated Administrative Agency
Japan Housing Finance Agency

